

1944, urging enactment of House bill 4184; to the Committee on Military Affairs.

5357. Also, resolution of the U. A. Steamfitters' Union, Local No. 590, at San Francisco, adopted March 17, 1944, urging enactment of House bills 2017 and 375, and Senate bills 65 and 910, regarding money grant to all blind persons; to the Committee on Ways and Means.

5358. Also, resolution of the International Longshoremen's and Warehousemen's Union, Local No. 10, at San Francisco, adopted March 15, 1944, regarding war prisoners; to the Committee on Military Affairs.

5359. By the SPEAKER: Petition of Mrs. Eduarda Griswold Keith, requesting an investigation of certain frauds and conspiracies in the State of Washington; to the Committee on the Judiciary.

5360. Also, petition of the secretary, American Bar Association, Chicago, Ill., petitioning consideration of their resolution with reference to constitutional principles for world order; to the Committee on Foreign Affairs.

5361. Also, petition of the mayor of Athens, Tenn., petitioning consideration of their resolution with reference to the Tennessee Valley Authority; to the Committee on Appropriations.

SENATE

TUESDAY, MARCH 28, 1944

(Legislative day of Monday, February 7, 1944)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Almighty God, under the all-embracing canopy of Thy goodness and mercy which have followed us all the days of our lives, we come as children in our Father's house. Beneath all diversities of gifts and of thought we seek the common unity which binds us together with the cords of Thy brooding love which faileth never. Away from all the divisive forces of the world about us, which tear and separate and push apart, we would kneel in penitence at the altar of the one God whose love shed abroad in our hearts alone can send us out on our differing and often difficult paths, hoping all things, believing all things, enduring all things.

Steel our hearts as we go on our way, with set and steadfast face, to be stabbed by thorny crowns, to bow in Gethsemane gardens, to climb our own Calvaries, in the trust and peace and joy of that Holy One who in the shadow of His cross sang a joyful hymn of faith and praise. With obedient hearts may we listen as that One who overcame the world whispers to ears that can hear:

"Every morning lean thine arms awhile
Upon the window sill of heaven
And gaze upon thy Lord;
Then, with the vision in thine heart,
Turn strong to meet the day."

Amen.

THE JOURNAL

On request of Mr. McKELLAR, and by unanimous consent, the reading of the

Journal of the proceedings of the calendar day Friday, March 24, 1944, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on March 24, 1944, the President had approved and signed the following acts:

S. 1349. An act to authorize the Secretary of the Navy to convey to the city of New York certain lands within the Brooklyn Navy Yard in the city of New York; and

S. 1653. An act to provide titles for heads of staff departments of the United States Marine Corps, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, notified the Senate that Hon. JOHN W. McCORMACK, a Representative from the State of Massachusetts, had been elected Speaker pro tempore of the House of Representatives during the absence of the Speaker.

The message announced that the House had passed without amendment the bill (S. 662) to authorize pensions for certain physically or mentally helpless children, and for other purposes.

The message also announced that the House had agreed to the amendment of the Senate to the joint resolution (H. J. Res. 234) to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of further regulating interstate and foreign commerce in tobacco, and for other purposes.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 3231) to amend the act of April 29, 1943, to authorize the return to private ownership of Great Lakes vessels and vessels of 1,000 gross tons or less, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLAND, Mr. RAMSPECK, Mr. MANSFIELD of Texas, Mr. WELCH, and Mr. O'BRIEN of New York were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 3592. An act to amend the Judicial Code in respect to the original jurisdiction of the district courts of the United States in certain cases, and for other purposes;

H. R. 4099. An act to extend the period of the Philippine Insurrection so as to include active service with the United States military or naval forces engaged in hostilities in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, between July 5, 1902, and December 31, 1913;

H. R. 4443. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1945, and for other purposes; and

H. J. Res. 260. Joint resolution providing for the employment of Government employees for folding speeches and pamphlets, House of Representatives.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 75) providing for an adjournment of Congress from Thursday, March 30, 1944, to Wednesday, April 12, 1944, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 1640. An act to authorize the Secretary of the Navy to accept gifts and bequests for the United States Naval Academy, and for other purposes;

S. 1647. An act to amend the act approved March 2, 1895, as amended; and

H. J. Res. 234. Joint resolution to amend the Agricultural Adjustment Act of 1938, as amended, for the purpose of further regulating interstate and foreign commerce in tobacco, and for other purposes.

FIRST DEFICIENCY APPROPRIATIONS

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 4346, making appropriations to supply deficiencies, and so forth.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 4346) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. I ask unanimous consent that the formal reading of the bill be dispensed with, that it be read for amendment, and that the amendments of the committee be first considered.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. McKELLAR. I now yield the floor for the presentation of routine and other matters, with the understanding that consideration of the appropriation bill will be resumed as soon as possible.

VIEWS OF EX-SENATOR NORRIS ON SOLDIERS' VOTE BILL

Mr. GUFFEY. Mr. President, I should like to read a letter which I received yesterday from a former distinguished Member of this body who served long and faithfully in both branches of Congress. The letter is as follows:

McCook, NEBR., March 20, 1944.

Hon. JOSEPH F. GUFFEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR GUFFEY: I have just received a copy of your address delivered in the Senate on March 13, 1944, on the soldier-voting proposition.

I agree with every word you have said. It seems to me the Senate has taken an unwise and a very backward step in passing this so-called soldier-vote bill. As I see it, the result will be that our soldiers fighting in

every part of the world for the principles of freedom and justice will be practically disfranchised by the failure of Congress to give them a workable and practicable law so that they can cast their votes. I feel very deeply on this subject. I regret to say that the Republican Party in the Senate has lined up practically solid in favor of this bogus voting law. When this solid Republican vote is united with that fraction of the Democratic vote which apparently would rather strike at Roosevelt than to win a battle against our enemies, they constitute a majority of the Senate. I cannot understand how men, honest and patriotic, can square their position on this question by voting for such an ineffective law as this one is bound to be, as I see it.

If the soldier is entitled to a vote, it should be given him without asking him how or for whom he is going to vote. It is fundamentally wrong to withhold this vote from him on the ground that he might vote for President Roosevelt. I think the Senator from Oregon let the cat out of the bag when on the floor of the Senate he said the matter could all be ended in a few minutes if Roosevelt would take himself out of the contest.

Yours very truly,

G. W. NORRIS.

INVITATION TO CONGRESS TO VISIT THE BRITISH PARLIAMENT

The VICE PRESIDENT laid before the Senate an invitation to visit Parliament from the presiding officers of the House of Lords and the House of Commons of Great Britain, which was read and referred to the Committee on Foreign Relations, as follows:

WESTMINSTER, March 14, 1944.

DEAR MR. VICE PRESIDENT WALLACE: Each of the two Houses of Parliament, over which we respectively preside, today passed a resolution that the House, desiring to promote a closer association between the British Parliament and the Congress of the United States of America, requested us on its behalf to invite the Congress of the United States to send a delegation of its Members to visit Parliament as early a date as may be convenient.

We have the honor to transmit this invitation accordingly, and to request you to communicate the invitation to the House over which you preside, in the hope that this proposal, which was adopted unanimously and with enthusiasm both by the House of Lords and by the House of Commons, will commend itself to both Houses of Congress.

Yours sincerely,

SIMON, Lord Chancellor.

D. CLIFTON BROWN, Speaker.

The Honorable HENRY A. WALLACE,

Vice President of the United States of America, Washington, D. C.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

POST OFFICE BRANCHES AND STATIONS

A letter from the Postmaster General, transmitting a draft of proposed legislation to remove restrictions on establishing post office branches and stations (with an accompanying paper); to the Committee on Post Offices and Post Roads.

CREDIT OPERATIONS UNDER THE INDIAN OFFICE

A letter from the Acting Secretary of the Interior, reporting, pursuant to law, on certain credit operations transacted under the Office of Indian Affairs (with accompanying papers); to the Committee on Indian Affairs.

EXTENSION OF SELECTIVE TRAINING AND SERVICE ACT TO THE VIRGIN ISLANDS

A letter from the Acting Secretary of the Interior, transmitting a draft of proposed

legislation to extend the provisions of the Selective Training and Service Act of 1940, as amended, to the Virgin Islands (with an accompanying paper); to the Committee on Military Affairs.

FLOOD-CONTROL SURVEY, SANTA YNEZ RIVER, CALIF.

A letter from the Acting Secretary of Agriculture, transmitting, pursuant to law, report of a survey of the Santa Ynez River watershed in California (with an accompanying report); to the Committee on Commerce.

REPORT OF THE DEPARTMENT OF COMMERCE

A letter from the Secretary of Commerce, transmitting, pursuant to law, the Annual Report of the Department of Commerce for the fiscal year 1943 (with an accompanying report); to the Committee on Commerce.

REPORTS OF THE LIBRARIAN OF CONGRESS AND REGISTER OF COPYRIGHTS

A letter from the Librarian of Congress, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1943, together with the report of the Register of Copyrights for the same period (with an accompanying report); to the Committee on the Library.

REPORT ON ACTIVITIES OF THE SMALLER WAR PLANTS CORPORATIONS (S. Doc. No. 178)

A letter from the Chairman of the War Production Board, transmitting, pursuant to law, the tenth report of his operations under the act to mobilize the productive facilities of small business (with an accompanying report); to the Committee on Banking and Currency and ordered to be printed.

REPORT OF THE BOY SCOUTS OF AMERICA

A letter from the Chief Scout Executive, Boy Scouts of America, transmitting, pursuant to law, the Thirty-fourth Annual Report of the Boy Scouts of America for the year 1943 (with an accompanying report); to the Committee on Education and Labor.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of the Departments of the Treasury, War, Navy, and Commerce; Federal Security Agency, and Office for Emergency Management (2) which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. BREWSTER members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution of the Legislature of Vermont; to the Committee on Commerce:

"House Joint Resolution 12

"Joint resolution relating to acquirement of lands within this State by Federal instrumentalities

"Whereas the government of Vermont has strong reason to believe that the sovereignty and continued existence of this State is jeopardized by the proposal of the Corps of Engineers, United States Army, and the Federal Power Commission, acting under the amended flood-control law, to seize, in the name of the Central Government, a river and its valley in this State to provide, under the guise of flood control, a make-work project after the war; and

"Whereas the original Federal policy respecting flood control was established by the

Congress in 1936 after extensive hearings before the Commerce Committee of the Senate; and

"Whereas this policy, as enunciated in the 1936 flood-control law, provided for a joint enterprise by the National Government and individual States, or a group of States joined by interstate compact; and this policy safeguarded the functions, duties, rights, and natural resources of the individual States; and

"Whereas in 1937, at the request of the Federal administration, the Commonwealth of Massachusetts, and the States of Connecticut, New Hampshire, and Vermont negotiated, and each ratified, an interstate compact for control of the Connecticut River by means of flood-control reservoirs as authorized by the Flood Control Act, which compact was approved by the Chief Counsel of the War Department and subsequently was extolled by the Secretary of War as a model for use on interstate streams; and

"Whereas as a part of the compact, the four States provided from their own funds all the moneys required for the acquisition of all lands and rights needed at the dams and reservoirs, and for discharging each and all of their other duties required by the flood-control law; and

"Whereas after the compact had been submitted to Congress for ratification, although the Governors of the four States in interest on numerous occasions pressed for congressional action, Congress was never permitted to vote on ratification, despite the fact that the committee of each House had reported favorably; and

"Whereas while the compact was still pending before the Congress in June 1938, the functions, duties, and rights of States in flood-control matters were taken from them and their natural right to their nonnavigable streams seized by an eleventh hour amendment passed as the Congress was about to adjourn; and

"Whereas this amendment directing the Secretary of War to acquire in the name of the United States, all lands and rights needed for flood-control projects consisting of dams and reservoirs despite any prohibition against such action in any other law, and without obtaining the consent of the State or States affected, was opposed by the Commerce Committee; and

"Whereas although this amendment seriously affects the interest of every State in the Union, and threatens the statehood of each by nationalizing one of its natural resources, and by robbing it of any voice in determining developments within its borders, no notice was given to the Governors or to other State officers that such an action was contemplated by the forces of the administration; and

"Whereas both the manner of introduction of the amendment and its timing precluded States from registering their protests; and

"Whereas until the passage of this amendment to the flood-control law there had never been any question of the authority in the individual States east of the Mississippi to control their intrastate nonnavigable streams and rivers, nor of like authority in the States west of the Mississippi except in areas of Federal ownership; and

"Whereas the flood-control law as now amended, if it be within the letter of the Constitution operates to destroy its spirit by violating the fundamental rights of the States, which, under its protection, joined together to make this Nation; and

"Whereas it was the studied intention of the framers of the Constitution to provide for the continued integrity of the States making up the Union; and

"Whereas it is true now as it was in the days of our fathers, that the continued sovereignty of the States, as a check against

overreaching central authority, is as necessary both to preserve the liberties of the people and to guarantee continuation of free government in the Republic, as is the continued separation of powers between the legislative, the executive, and the judicial branches in the National Government itself: And now, therefore, be it

"Resolved by the senate and house of representatives, That the dangers inherent in the flood-control law, as amended, be called to the attention of the Congress in the firm belief that the legislative branch of our Government, jealous to guard the basic principles of the Republic, upon reexamining this matter will replace the present law by an act removing this particular threat of destruction to the States; and in the hope that this will be only the first of a series of actions to quiet the conflicts—noticeably on the increase over all the area of State-Federal relations—because States are now being bypassed and their functions usurped by Federal agencies; be it further

"Resolved, That a copy of this resolution be sent to the President of the Senate, to the Speaker of the House of Representatives, to each Member of the Congress of the United States, and to the Governor of each State of the Union.

"Approved March 17, 1944

*"WM. H. WILLS,
Governor."*

A resolution adopted by Post No. 1 of Disabled American Veterans, of Memphis, Tenn., favoring the enactment of House bill 3356, relating to service-connected disabilities, and House bill 3776, relating to non-service-connected permanent and total disabilities; to the Committee on Finance.

A resolution by the Board of Aldermen (and approved by the mayor) of the City of Chelsea, Mass., favoring the naming of a naval vessel in honor of the late Lieut. Harold Arthur Kepnes, of Chelsea, Mass., who made the supreme sacrifice in the present war; to the Committee on Naval Affairs.

RESOLUTION BY THE CIVIC AND COMMERCE ASSOCIATION OF GRAND FORKS, N. DAK.

Mr. LANGER. Mr. President, I ask unanimous consent to have appropriately referred and printed in the RECORD a resolution adopted by the Civic and Commerce Association of the city of Grand Forks, N. Dak., giving its full approval of House bill 4184, a bill to repeal land-grant deductions in favor of the Government.

There being no objection, the resolution was referred to the Committee on Interstate Commerce, and ordered to be printed in the RECORD, as follows:

Be it resolved, That the Civic and Commerce Association of the city of Grand Forks, N. Dak., gives its full approval to H. R. 4184, being a bill introduced in Congress to repeal land-grant-rate reductions in favor of the Government. In support of the approval of the passage of this bill the association respectfully directs attention to the following facts:

The land-grant railroads are largely those of the West and the South and primarily serve agriculture. Under the existing law the Government pays for the transportation of its personnel and property but 50 percent of full tariff fares and rates. The major portion of the freight transported by the railroads of the West and South is for the Government. The Government is just as able to pay reasonable fares and rates as any of its citizens.

If the Government moves its freight at less than a reasonable charge for the service it follows that the shipping public is required to pay higher rates for the transportation of its products. The railroads of the eastern section of the United States are paid full tariff fares and rates for the transportation of Government personnel and property because the eastern railroads are not land-grant railroads. It certainly is unfair to thus penalize the railroads serving the western and southern parts of the country.

We understand full well that the reduced rates paid by the Government are the result of provisions in the land grants made in the aid of the construction of these railroads, and are based upon contracts between the railroads and the Government. These grants of public lands were for the purpose of encouraging the building of railroads into the unsettled portion of the country, and this underlying purpose of settlement has been accomplished. Impartial investigation shows that the Government has been more than repaid by the land-grant railroads for the value of the lands conveyed to them. A cancellation of the land-grant rates will be beneficial to all the shippers in the territory in which such rates prevail. The Government should deal fairly with its citizens and this generation of shippers should not be penalized by the insistence of maintaining a contract that in fact and in good conscience has been fully complied with.

The land-grant contracts which require the railroads receiving such grants to transport Government personnel and property at less than tariff fares and charges were made in the light of the transportation needs and demands of the Government at the time the contracts were made. At that time the Government was transporting a very limited number of soldiers and limited freight to a few scattered Indian defense posts in the West. It is certainly inequitable to apply such a contract, made for the purposes already stated, to the movement of millions of soldiers, sailors, and other Government personnel, and vast quantities of freight much of which is only indirectly connected with the war effort.

It is not a fair argument to contend that the cost of the war to taxpayers may be increased if the Government is required to pay higher rates. If the Government does pay higher rates a large portion of the amount so paid to the railroads will be repaid by the railroads in the form of taxes. Further than this, the receipt of additional revenue from the Government, should the land-grant discount of rates be abolished, would make it possible, indeed probable, to have railroad rates reduced generally, thus relieving the inequitable rate burden now imposed upon the general shipping public by reason of the discrimination now enjoyed by the Government under the land-grant rates; be it further

Resolved, That copies of this resolution be sent by the secretary of the association to Hon. CLARENCE F. LEA, chairman of the Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D. C.; and to Hon. LYLE H. BOREN, chairman of the subcommittee in charge of said bill, at the same address.

I, W. W. Blain, hereby certify that the foregoing is a true and correct copy of resolution adopted by the Civic and Commerce Association of the City of Grand Forks, N. Dak., on the 9th day of March 1944.

W. W. BLAIN,
Secretary.

RESOLUTIONS OF NORTH DAKOTA FARMERS' UNION

Mr. LANGER. Mr. President, I ask unanimous consent to present for appropriate reference and printing in the Rec-

ORD, five resolutions adopted by the North Dakota Farmers' Union, one dealing with the Baruch plan and proposal for real post-war conversion; another being in the form of a statement on the Wagner-Murray-Dingle bill providing for extension of the social-security program to groups not now covered, including farmers and farm labor, and its broadening to include health services; another resolution by the same Farmers' Union opposing compulsory national service; another dealing with cooperative pooling of machinery and labor, and yet another dealing with manpower on North Dakota farms.

The VICE PRESIDENT. Without objection, the resolutions will be received, appropriately referred, and printed in the RECORD.

To the Committee on Agriculture and Forestry:

COOPERATIVE POOLING OF MACHINERY AND LABOR

Since Pearl Harbor the Farmers Union has encouraged the development of cooperative use of farm machinery and the pooling of available help; the State board of the Farmers Union commends the activities of North Dakota Farmers Union locals in promoting the full use of machinery and manpower in neighborhood pools the past year.

Recognizing the need for superhuman efforts on the part of North Dakota farmers to meet 1944 food goals, despite increasing handicaps of lack of manpower and farm machinery, the North Dakota Farmers Union board of directors, meeting March 17, urges all farmers to secure maximum use of available machinery and manpower by cooperatively sharing implements and machines with their neighbors as well as trading work to a much greater extent in 1944.

We further recommend that Farmers Union locals take the initiative in setting up additional machinery and labor pools where needs and facilities of each farmer in the neighborhood, whether a member or not, may be listed and utilized.

To the Committee on Finance:

STATEMENT ON WAGNER-MURRAY-DINGELL BILL

The North Dakota Farmers Union State convention in 1943, as in previous years, called for the extension of the social-security program to groups not now covered, including farmers and farm labor, and its broadening to include health services.

The board of directors of the North Dakota Farmers Union, meeting at Jamestown March 16, 1944, find that S. 1161, known as the Wagner-Murray-Dingell bill, fulfills, in general, this part of the Farmers Union program and therefore we endorse the Wagner-Murray-Dingell bill in principle, reserving the right to advocate such changes and amendments that would, in our opinion, strengthen its provisions designed to give farmers and their families a minimum economic security against the hazards of death, disability, and old age, and to provide more adequate health care.

Farm families have more children, proportionate to the population as a whole, to support, and a larger proportion of aged persons; but they have access to fewer doctors, fewer nurses, fewer clinics, and fewer hospitals. The need for better health care is indicated by the fact that 40 percent of the boys classified as farmers were rejected for physical defects by the Army, as compared with 33 percent for those classified as emergency workers and unemployed, and 20 percent of those classified in the skilled occupations, professional, and semiprofessional services.

Any program of payment of medical and hospital expenses must be implemented by a program to provide adequate hospital and medical facilities and personnel in rural areas. Provision for dental care should also be included.

In levying a tax upon self-employed farmers for social security, lowest income farmers (those with \$200 income or less) should be exempt, since aid to them must be in the form of public assistance and the cost of administering the collection would very likely exceed the revenue derived. We recommend that the payment of social-security taxes by farmers be made through the same channels and at the same time as Federal income taxes.

To the Committee on Military Affairs:

RESOLUTION ON BARUCH PLAN AND PROPOSAL FOR REAL POST-WAR CONVERSION

We, the board of directors of the North Dakota Farmers Union, meeting March 16, view with alarm and apprehension the inadequacies and dangers inherent in the Baruch recommendations to President Roosevelt for the reconversion of our war economy to a peacetime economy by turning over to private business, particularly monopolistic big businesses, the lion's share of the \$15,000,000,000 worth of Government-financed war plants and the \$50,000,000,000 worth of war materials without any restrictions as to their use or nonuse.

Such a program would be an invitation to return to scarcity, because monopolies, judging by their past records, would dismantle or close plants whose increased output of peacetime goods would result in disturbing the price structure, kept artificially high by limiting output. The Farmers Union maintains that to secure the most abundant production possible that the Government sell or lease plants only with the provision that they be operated at full capacity to produce civilian goods at reasonable prices and that the Government use some plants as yardsticks to determine such reasonable costs.

We are deeply resentful that the problems of farmers in post-war reconversion are totally ignored. We advocate, among other things, that farm cooperatives be given the first opportunity to secure surplus materials suitable for farmers and plants for the production of farm equipment.

We regret the hasty appointment of William L. Clayton and Frank W. Hines to administer the Baruch program, because their past records indicate that their primary concern will be the interest of business rather than of the masses of workers, farmers, and consumers.

We advocate that Congress immediately set up an adequate agency to deal with reconversion problems, including the maintenance of full employment and full production, and that such an agency be directed by a board composed of representatives of government, industry, labor, and agriculture.

RESOLUTION OPPOSING COMPULSORY NATIONAL SERVICE

We, the board of directors of the North Dakota Farmers Union, meeting March 16, express the continued unalterable opposition of the North Dakota Farmers Union to the enactment of a compulsory National Service Act as unnecessary, unsound, and injurious to the war effort. We base our opposition on the following reasons:

1. Over 1,300,000 farm families still remain underemployed because they have not received the technical assistance and equipment necessary for their full employment; in many instances Public Law 45 freezes employable members of these families to part-time agricultural work by preventing them from moving to other areas where their service is needed in agriculture or industry.

2. Voluntary recruitment and employment of women has not been adequately fostered because of the failure to provide nursery facilities for children or working mothers, proper housing, and other essential facilities to enable women to maintain their homes while working.

3. Employer discrimination still exists against full use of skills of minority groups among the population.

4. Hoarding of manpower, particularly by employers with cost-plus contracts, is still prevalent.

5. Enactment of compulsory national service was made conditional by the President upon heavier taxation, renegotiations of contracts to eliminate excessive war profits, stabilization of prices clear across the board. Since these other conditions have not, and will not be met, a compulsory national-service law would penalize part of the Nation for the benefit of another part.

6. It would be destructive of the morale of our fighting men, as well as of our workers on farms and in the factory to impose forced labor on the people for the pecuniary benefit of private owners.

MANPOWER ON NORTH DAKOTA FARMS

Nineteen hundred and forty-four food goals must be met if sufficient food essential to armed and civilian needs is to be supplied. While recognizing the needs of the armed services to secure more men, the board of directors of the North Dakota Farmers Union, meeting March 17, urges local selective-service boards, the State appeal board and selective-service officials, the National Selective Service and War Manpower Commission, the President, and the Congress to exercise extreme caution in reclassifying men now deferred for agricultural employment.

If North Dakota farms are to produce what is expected of them, few, if any, farmers or experienced farm workers can be taken from the farms of this State, because already the farms have been so depleted of able-bodied manpower, that under normal weather conditions it will be practically impossible to maintain production. We point out that the amazing production of 1943 was made possible only because providence granted an unusually dry and open fall that extended the normal harvest and threshing season many weeks longer than usual and because farmers and their families pooled their work and machinery, as proposed by the Farmers' Union.

Many farmers have indicated that if their last son or hired man is taken they will be forced to immediately sell out and quit farming. We urge that proper authorities at once give definite assurance that a policy of keeping essential and productive farmers on the farm will be maintained, so that no farmers will quit before spring work begins on the strength of rumors or newspaper accounts that may lead them to believe that occupational deferments will not continue to be granted.

REPORT OF THE APPROPRIATIONS COMMITTEE DURING RECESS

Under authority of the order of the 24th instant,

Mr. McKELLAR, from the Committee on Appropriations, to which was referred the bill (H. R. 4346) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes, reported it on March 27, 1944, with amendments, and submitted a report (No. 772) thereon.

NOTICE OF MOTION TO SUSPEND THE RULE FILED DURING RECESS—AMENDMENTS

Under authority of the order of the 24th instant,

Mr. McKELLAR, on March 27, 1944, submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of the rule XVI for the purpose of proposing to the bill (H. R. 4346) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes, the following amendments, namely: Page 7, after line 14, insert the following new paragraph:

"The appropriation 'Training for nurses, Public Health Service (national defense),' in the Federal Security Agency Appropriation Act, 1944, is hereby made available, for the entire fiscal year, for transfer to and consolidation with appropriations of St. Elizabeths and Freedmen's Hospitals in such amounts as may be deemed necessary by the Federal Security Administrator to cover the cost of items furnished to student nurses in training under plans approved for such hospitals in accordance with the act of June 15, 1943 (Public Law 74), as amended."

Page 8, line 22, after the words "outplant facilities" and before the period, insert the following proviso: "Provided further, That the limitation of \$40,000,000 contained in Public Law 150, Seventy-eighth Congress, approved July 15, 1943, on the total amount that may be allocated for contributions to public and private agencies for the maintenance and operation of public works after July 1, 1943, is hereby increased to \$65,000,000."

Page 69, after line 15, and before the heading "Title III—Judgments and Authorized claims," insert the following new section:

"Sec. 203. No part of any appropriation contained in this or any other act shall be used to pay to regular, full-time civilian officers and employees, whose basic compensation is determined on a daily or hourly basis, overtime compensation, pursuant to the joint resolution of December 22, 1942 (56 Stat. 1068), and the act of May 7, 1943 (Public, No. 49, 78th Cong.), on any basis other than at the rate of one and one-half times the basic rate of payment for work actually performed by such officers and employees in excess of 40 hours per week, without proration or the use of any formula which has been adopted to determine the daily compensation of per annum officers and employees; it being declared to be and to have been the true intent and meaning of the aforesaid enactments to provide for the payment of the overtime compensation of such employees only upon the basis herein described: *Provided*, That any overtime compensation in excess of the compensation so authorized under the above joint resolution and act which has been paid in reliance upon, and in accordance with, any decision or decisions of the Comptroller General is hereby approved and the Comptroller General shall allow credit therefor in the accounts of the officers accountable therefor, and shall make no charges against any certifying officer because of certification of such excess overtime compensation."

Mr. McKELLAR also submitted amendments intended to be proposed by

him to House bill 4346, the first deficiency appropriation bill, 1944.

(For text of amendments referred to, see the foregoing notice.)

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TYDINGS, from the Committee on Territories and Insular Affairs:

H. R. 2778. A bill to ratify and confirm Act 16 of the Session Laws of Hawaii, 1943, extending the time within which revenue bonds may be issued and delivered under Act 174 of the Session Laws of Hawaii, 1935; without amendment (Rept. No. 773);

H. R. 3075. A bill for the relief of Mrs. Isabella Tucker; without amendment (Rept. No. 774); and

H. R. 3362. A bill to fix the annual compensation of the secretary of the Territory of Alaska; without amendment (Rept. No. 775).

By Mr. THOMAS of Utah, from the Committee on Mines and Mining:

H. R. 2616. A bill to enable the Secretary of the Interior to complete payment of awards in connection with the war minerals relief statutes; without amendment (Rept. No. 777).

By Mr. GUFFEY (for Mr. SCRUGHAM), from the Committee on Mines and Mining:

S. 1479. A bill providing for the suspension of certain requirements relating to work on tunnel sites; with amendments (Rept. No. 778).

By Mr. WALSH of Massachusetts, from the Committee on Naval Affairs:

S. 1770. A bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; with an amendment (Rept. No. 779).

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on March 24, 1944, that committee presented to the President of the United States the enrolled bill (S. 250) to promote sustained-yield forest management in order thereby (a) to stabilize communities, forest industries, employment, and taxable forest wealth; (b) to assure a continuous and ample supply of forest products; and (c) to secure the benefits of forests in regulation of water supply and stream flow, prevention of soil erosion, amelioration of climate, and preservation of wildlife.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. McCARRAN, from the Committee on the Judiciary:

Walter J. LaBuy, of Illinois, to be United States district judge for the northern district of Illinois, vice William H. Holly, retired; and

Edwin D. Bolger, of Michigan, to be United States marshal for the western district of Michigan.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

REPORT OF NOMINATION OF CLAUDE P. STEPHENS

Mr. CHANDLER. Mr. President, from the Committee on the Judiciary, I report favorably the nomination of Claude P. Stephens, of Kentucky, to be United States attorney for the eastern district of Kentucky, vice John T. Metcalf, resigned.

The VICE PRESIDENT. Without objection, the nomination will be received as in executive session and placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BAILEY:

S. 1814. A bill to provide for the sale of certain Government-owned merchant vessels, and for other purposes; to the Committee on Commerce.

(Mr. CLARK of Missouri introduced Senate bill 1815, which was referred to the Committee on Military Affairs, and appears under a separate heading.)

By Mr. WALSH of Massachusetts:

S. 1816. A bill granting a pension to Teresa F. Boyle; to the Committee on Pensions.

By Mr. TUNNELL:

S. 1817. A bill authorizing the appointment of an additional judge for the district of Delaware; to the Committee on the Judiciary.

By Mr. AIKEN:

S. 1818. A bill providing for an annual audit by the General Accounting Office of the financial transactions of certain governmental agencies and corporations, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. BYRD:

S. 1819. A bill to repeal the acts of August 15, 1935, and January 29, 1940, relating to the establishment of the Patrick Henry National Monument and the acquisition of the estate of Patrick Henry, in Charlotte County, Va.; to the Committee on Public Lands and Surveys.

By Mr. RUSSELL:

S. 1820. A bill to provide for Federal assistance in the maintenance, expansion, and operation of school-lunch and school-milk programs, and for other purposes; to the Committee on Agriculture and Forestry.

DISTRIBUTION OF SURPLUS WAR MATERIALS

Mr. CLARK of Missouri. Mr. President, I ask unanimous consent to introduce a bill to provide for the distribution of surplus war materials through domestic lend-lease to States and their political subdivisions and instrumentalities thereof.

Mr. President, in connection with the introduction of the bill, I desire to say that the United States has been more prodigal than any other nation in the history of the world in its lavish generosity to other nations. Both by lend-lease and by U. N. R. R. A. we are holding ourselves out as outfitters and providers for the world. I am introducing today a bill for what might be called domestic lend-lease in order that the hard-pressed American taxpayer may get some of the benefits of the lush expenditures which have been made from his funds. When this war is over we will have on hand a huge stock of material, particularly heavy machinery. I see no reason why the principle of lend-lease should not be applied to this material and why it should not be loaned or leased to counties, towns, road districts, levee districts, soil-conservation districts, or other public subdivisions where it would certainly be of value. In the same way hospital units which have been set up in so many camps and which are not suitable for use by the Veterans' Administration

after the war might well be loaned or leased or given to some of the many counties or communities in the United States which are not only too poor to have a hospital but even a medical center.

There being no objection, the bill (S. 1815) to provide for distribution of surplus war materials through domestic lend-lease to States and their political subdivisions, and instrumentalities thereof, was read twice by its title and referred to the Committee on Military Affairs.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H. R. 3592. An act to amend the Judicial Code in respect to the original jurisdiction of the district courts of the United States in certain cases, and for other purposes; to the Committee on the Judiciary.

H. R. 4099. An act to extend the period of the Philippine Insurrection so as to include active service with the United States military or naval forces engaged in hostilities in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, between July 5, 1902, and December 31, 1913; to the Committee on Pensions.

H. R. 4443. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1945, and for other purposes; to the Committee on Appropriations.

RIVER AND HARBOR IMPROVEMENTS—AMENDMENTS

Mr. BAILEY, Mr. BONE, and Mr. TYDINGS each submitted an amendment intended to be proposed by them, respectively, to the bill (H. R. 3961) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which were severally referred to the Committee on Commerce and ordered to be printed.

GREEK INDEPENDENCE DAY—ADDRESS BY THE VICE PRESIDENT

[Mr. BONE asked and obtained leave to have printed in the RECORD the address delivered by the Vice President of the United States on Greek independence day, at Boston, Mass., March 26, 1944, which appears in the Appendix.]

THE OMNIBUS G. I. BILL OF RIGHTS FOR RETURNING VETERANS—ADDRESS BY SENATOR CLARK OF MISSOURI

[Mr. McFARLAND asked and obtained leave to have printed in the RECORD a radio address delivered by Senator CLARK of Missouri on the so-called Servicemen's Aid Act of 1944, which appears in the Appendix.]

SPEECH BY SENATOR THOMAS OF UTAH ON GREEK INDEPENDENCE DAY

[Mr. TUNNELL (for Mr. GUFFEY) asked and obtained leave to have printed in the RECORD the address delivered by Senator THOMAS of Utah on the occasion of the Greek independence day celebration, in Washington, D. C., on March 26, 1944, which appears in the Appendix.]

"BACK THE INVASION" RALLY ADDRESS BY SENATOR TUNNELL

[Mr. RADCLIFFE asked and obtained leave to have printed in the RECORD a "Back the Invasion" rally address delivered by Senator TUNNELL at Baltimore, Md., March 26, 1944, which appears in the Appendix.]

THE ONE-HOUSE LEGISLATURE—ARTICLE BY FORMER SENATOR NORRIS

[Mr. TUNNELL (for Mr. GUFFEY) asked and obtained leave to have reprinted in the RECORD an article entitled "The One-House Legislature," written by former Senator Norris of Nebraska and published in the Annals of the American Academy of Political and Social Science for September, 1935, and originally printed in the Appendix of the CONGRESSIONAL RECORD on October 13, 1941, which appears in the Appendix.]

UNITY IN THE WAR EFFORT

[Mr. TUNNELL asked and obtained leave to have printed in the RECORD an article, originally printed as an advertisement, under the heading "When duty whispers low 'thou must!'" which appears in the Appendix.]

STATEMENTS BY WENDELL WILLKIE—ARTICLE BY FRANK C. WALDROP

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an article entitled "What He Really Said," written by Frank C. Waldrop and published in the Washington Times-Herald of March 27, 1944, which appears in the Appendix.]

PREVENTION OF INDUSTRIAL ACCIDENTS

[Mr. BONE asked and obtained leave to have printed in the RECORD an article entitled "Preventable Loss," written by Fred W. Perkins, and published in the Washington Daily News of March 27, 1944, which appears in the Appendix.]

AMERICAN FOREIGN POLICY—EDITORIAL FROM PHILADELPHIA ENQUIRER

[Mr. DAVIS asked and obtained leave to have printed in the RECORD an editorial entitled "Where Light Is Needed," published in the March 25 issue of the Philadelphia Enquirer, which appears in the Appendix.]

AMERICAN FOREIGN POLICY—EDITORIAL FROM THE NEW YORK SUN

[Mr. DANAHER asked and obtained leave to have printed in the RECORD an editorial entitled "Does the United States Really Have a Foreign Policy?" from the New York Sun of March 23, 1944, which appears in the Appendix.]

JESSE COTTRELL

[Mr. MAYBANK asked and obtained leave to have printed in the RECORD an editorial tribute to the late Jesse Cottrell, published in the Greenville (S. C.) News, which appears in the Appendix.]

ALMOS W. GLASGOW

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 555) for the relief of Almos W. Glasgow, which were, on page 1, line 6, to strike out "\$2,800" and insert "\$2,300"; and on the same page, line 10, to strike out "1942" and insert "1941."

Mr. CLARK of Idaho. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

OIL COMPANIES AND PIPE-LINE FACILITIES

Mr. GILLETTE. Mr. President, during the Seventy-sixth and Seventy-seventh Congresses the late lamented Senator Borah, of Idaho, and I introduced certain legislative proposals looking to the divorcement of the functions of integrated oil companies from the profits of the pipe-line owners. I did not renew the proposals in the present Congress, be-

cause I was led to believe that certain civil suits instituted by the Department of Justice had accomplished the end of denying the profits accruing by way of the operation of these facilities.

Under date of February 7, 1944, I addressed a letter to the Honorable Francis Biddle, Attorney General, and received a reply from him under date of February 22, 1944, from which I shall read one paragraph.

Mr. LANGER. Will the Senator from Iowa yield?

Mr. GILLETTE. I yield.

Mr. LANGER. Will not the Senator please read it all? I am very much interested in the subject.

Mr. GILLETTE. I intend to put both letters in the RECORD.

Mr. LANGER. The matter is of such great importance that I should like to have the Senator read his letter and the reply.

Mr. GILLETTE. My letter reads as follows:

FEBRUARY 7, 1944.

The Honorable FRANCIS BIDDLE,
Attorney General of the United States,
Washington, D. C.

DEAR MR. BIDDLE: As you know, up through the Seventy-seventh Congress I sponsored legislation proposing a divorcement of the functions of the integrated oil companies with particular emphasis on divorcement of pipe lines from their shipper-owners.

I did not renew my proposals in the present Congress, because I was led to believe that certain civil suits instituted by your department had accomplished the end of denying profits in transportation of oil by pipe lines to their shipper-owners.

With a view to what may happen in the post-war era as to the established pipe lines and those built for war purposes, and to determine whether legislation supplemental to the Antitrust, Interstate Commerce, and the Elkins Acts, is necessary, will you be kind enough to advise me as to whether I have been correctly assured that the litigation removed the rebating practices? In other words has the consent decree been obeyed and has it brought about a reduction in pipe-line tariffs and the discontinuance of the payment of transportation profits to the integrated oil companies?

Also, can you advise me whether the steps taken thus far by your department have resulted in the use of pipe-line facilities by others than their integrated owners?

Sincerely,

The letter was signed by me. The reply of the Attorney General, dated February 22, 1944, is as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., February 22, 1944.

Hon. GUY M. GILLETTE,
United States Senate, Washington, D. C.

MY DEAR SENATOR GILLETTE: In further reply to your letter of February 7, 1944, inquiring as to the effect of oil pipe-line litigation upon the earnings, tariffs, and use of pipe lines, Assistant Attorney General Berge has informed me that litigation has been instituted under the Antitrust and Elkins Acts. The antitrust case, *United States v. American Petroleum Institute et al.*, has been continued until the termination of the war. The Elkins Act cases were consolidated and a consent judgment was entered on December 23, 1941, in *United States v. The Atlantic Refining Company et al.*

At this point I interpolate to say that the consent decree was in settlement of

a suit filed for the recovery of a billion and a half dollars assessed as penalties for violation of a Federal statute, but a consent decree was filed.

Mr. LANGER. How much of the billion and a half dollars did the Government obtain?

Mr. GILLETTE. As I recall the consent decree, the Government waived its claim to approximately a billion and a half dollars in penalties, and obtained the assurance that the companies would go and sin no more.

Mr. LANGER. That is, the pipe-line companies kept a billion and a half dollars?

Mr. GILLETTE. They have it as yet. The Government did not get any of it.

Mr. LANGER. And the lawsuits are over?

Mr. GILLETTE. That lawsuit is over. I read further from the letter of the Attorney General:

The consent judgment, *United States v. The Atlantic Refining Co.*, provides that a defendant pipe-line carrier shall not pay to its shipper-owner any part of earnings from transportation in excess of the owner's share of 7 percent of valuation which is defined in the judgment. All earnings in excess of the 7 percent are required to be held in a special surplus account which can be used for designated purposes only. Thus the defendant oil company may receive profits from its own pipe lines to the extent of 7 percent of valuation.

Again I interpolate, that is a provision of the consent decree, that from that time on they would be limited to 7 percent, and the balance would be paid into a special fund; but the Government waived its claim to the billion and a half dollars of penalties imposed for derelictions which had previously occurred.

I quote further from the letter:

The judgment requires each defendant carrier to file an annual report with the Department showing operations under the provisions of the judgment. Reports for the calendar year 1942 are the latest on file and they reflect a general compliance with the judgment except for approximately 10 companies who have used special surplus funds to make prohibitive payments to shipper-owners. Consideration is now being given to these exceptions so as to enforce compliance with the provisions of the decree.

The Department is not in a position to inform you with regard to reduction of pipe-line tariffs resulting from the entry of the judgment without making an exhaustive study of the tariff structure of 59 pipe-line companies. The fact that 22 of the carriers placed an aggregate of \$15,500,000 in the special surplus fund during 1942 would indicate that those carriers had maintained tariffs at levels which resulted in their net profits being in excess of 7 percent of valuation. I might suggest that since the Interstate Commerce Commission has pending two dockets designed to reduce pipe-line tariffs additional information on the subject might be on file with the Commission.

As to the question of the use of pipe-line facilities by others than their integrated owners, we are of the opinion that there has been some such use during the present emergency since at the request of the Petroleum Administration for War and the Office of Defense Transportation, the Antitrust Division joined with the Interstate Commerce Commission to assure the oil companies that the question of common carrier status would be

determined without reference to acts of transportation which are performed exclusively in response to the request or direction of the Director of the Office of Defense Transportation or the Petroleum Administrator for War.

Without passing upon the merits of legislation, referred to in your letter, the Department, of course, never intended that litigation be considered as a substitute for legislation designed to divorce pipe lines from their shipper-owners.

I shall be pleased to furnish you with any additional information that you may require.

Sincerely,

FRANCIS BIDDLE,
Attorney General.

Mr. President, in view of the fact that I have read the correspondence into the RECORD as a part of my remarks, I shall not request that the letters be printed in the RECORD.

I might add, before I take my seat, that as soon as the war exigency shall be ended, if I happen to be in a position to do so, I shall reintroduce the proposed legislation, and, if I shall not be in a position to do so, I shall try to see that someone else introduces it.

SALES OF SURPLUS GOVERNMENT PROPERTY

Mr. WILEY. Mr. President, last week I called attention to the imperative need of an appropriate committee going into action to see to it that small-business men, many of whom are already on the ragged edge, are not further liquidated by Government action or lack of action.

There was sent to me yesterday from Colorado a newspaper clipping with big headlines, "Army store." I shall be glad to show this to Senators. There follows this advertisement:

Civilians! Now you, too, can purchase merchandise made to the exacting specifications of the United States Army and Navy.

Then follows a list of the goods which are for sale—wool-lined regulation Army water-repellent field jackets, Army sweaters, undershirts, shorts, and other articles.

Then at the bottom of the ad, which covers most of a page of the paper, there is this statement:

We have a complete stock of regulation Army shirts and trousers for civilians and enlisted men. New shipments of Army and Navy surplus stocks are being received each week. Watch our windows and advertisements.

Mr. President, I repeat the statement which appears at the bottom of the advertisement:

New shipments of Army and Navy surplus stocks are being received each week. Watch our windows and advertisements.

Mr. President, the fear which I expressed last week is being realized. Army stores are coming into communities. What better evidence do Senators want of that statement than the advertisement I just read?

The distinguished majority leader said on the floor of the Senate the other day, when I was speaking on this subject, that the regulations require the sale of these goods by auction. That was not news to me, but, Mr. President, I do not want the

Army or the Navy to auction off the small business of this country, and that is what will happen if they continue this practice. I want the appropriate committee to take action and see that constructive steps are taken so that, if the Army has merchandise to sell, it will be siphoned through legitimate channels and not through fly-by-night operators who only disrupt, but do not build, communities.

There are enough misdeeds in government already without creating more. There are enough misdirectives and bungling orders that would disrupt the morale of our citizens without creating more. Here is a subject that Congress should immediately take hold of and provide the remedy.

The small-business men who have survived, in spite of scarcity of consumers' goods, are hungry for goods to sell similar to those listed in this newspaper advertisement. The small-business men of the country constitute a large section of the backbone of the Nation. Give them the opportunity to distribute the goods. Let Congress provide the ways and means so that over their counters will go the merchandise, and do not further "termite" the legitimate rights and interests and businesses of the small-business men.

Everyone who has so far spoken on this subject has called the merchandise in question post-war surpluses. That, Mr. President, is something to think of—post-war surpluses. But we are not through the war yet, and apparently we have more surpluses which are threatening the economic life of the small-business man. If there is any question of proof, let me say that last week an advertisement of the sale of surplus material appeared in the Chicago Tribune and in San Francisco newspapers; but here is an advertisement which shows that Army stores are actually in being, coming into the little communities, the villages. As a result, what is happening to the small-business man? He cannot obtain these goods. The small-business man, who through the war period has taken the bumps and paid the taxes and who through previous years has been the sustaining economic force of each community, now finds the Government failing to protect his interests. As I said last week, that is a repetition of what took place after the last world war.

We know that the Army and the Navy since Pearl Harbor have bought literally tens of millions of shoes, sheets, shirts, flashlights, automobiles, underwear, and every conceivable consumer commodity. The north African invasion required 700,000 different items of equipment and supply. There were 390 different items of clothing. The total war activities expenditures for the fiscal years 1941 to 1944 are estimated at \$172,000,000,000. Much of this money was used to purchase goods which may be surplus material at the end of the war. It does not take much vision to see what would happen to the value of the merchant's goods which he has on his counters if these surpluses were dumped on the market now or in the post-war period. Everyone

must realize what the consequence would be. But the strange thing is that much of the Government surplus goods is being siphoned, not through legitimate, but through illegitimate channels, to the detriment of the surviving little-business man of this country.

As I have stated, Mr. President, the merchants can use this merchandise which the Army has now, and it must be siphoned into legitimate business channels and not be put in the hands of those who would dynamite small business. Not only small business but American business as a whole and American labor leaders are very much concerned about the possibility of the disposition of vast stores of surplus material in the post-war period. So long as the war continues, we know that home markets will be hungering for everything which civilians can use.

As everyone knows, there are great shortages in most civilian goods. The problem is to have those in authority use their brains so as to make certain that the goods as they become available are distributed through legitimate business channels. Speculators should not be the chosen people of America. The taxpayers' dollars which have gone into this merchandise must be adequately protected and the taxpayers economy must also be adequately protected, but such protection is not afforded when the goods are dumped into the hands of speculators.

When we think of the unsatisfied demands of the people of this country which the retail stores of the country, the plumbing concerns, and so forth, cannot supply, the statement makes sense that the Congress must see that whatever goods are distributed by Government shall pass through regularly established trade channels. I know that there are committees of the House and Senate which are concerning themselves with the general problem of post-war planning and that there are numerous committees of the House and Senate which are investigating problems which relate to our post-war economy, and I know, too, that the entire Senate and House are concerned with this problem; but the danger is that there will be so much concern and so much committee action that there will not be provided the specific remedy which would bring about channeling Government surplus merchandise to the public without disrupting our economy.

Mr. President, the teamwork in America has been magnificent since Pearl Harbor. With such teamwork I believe that we can handle these surpluses, which at present appear to be a great threat to our economy, in such a manner as to strengthen our economy and the general welfare. These surpluses can, if we use our heads, prove to be a blessing. The world needs them, and we need them. It is simply a question of wise administration. As was suggested by John L. Sullivan, Assistant Secretary of the Treasury, they might even be used "effectively to control runaway prices and curb inflation." I repeat that statement, be-

cause it affects the attitude of a thinker, that these surpluses might be used "effectively to control runaway prices and curb inflation."

I have faith that we will find the answer, but I am hoping that soon that faith will be translated into reality by the Congress of the United States.

Mr. President, we cannot pass the buck in this instance. The problem is up to the Congress to solve. Already all indications are that the law is being utilized so that those is authority in the Army and the Navy and in the Procurement Division are literally starting a flood of surplus merchandise throughout the country. We can sit here and seem to be unconcerned about the matter, but the boomerang will strike back. It is our problem, and we cannot neglect it.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1243) authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes.

SECRETARY HULL'S LIAISON COMMITTEE

Mr. WILEY. Mr. President, for a few brief moments I desire to discuss a subject which has been of great concern to me since December 1942. In the morning newspaper there is an article entitled "Teamwork for Peace," by Merlo Pusey. Then follows a subhead "Hull moves toward filling vacuum."

I heard over the radio, the other day, that Secretary Hull and the distinguished senior Senator from Texas [Mr. CONNALLY] were now in favor of a liaison committee or committees between the Executive and the Congress. It makes me very happy to know that at long last there is a realization of the desirability of bringing into being an instrumentality which will work for closer collaboration between those two independent branches of our Government. Mr. President, in September 1942, I submitted a resolution providing that a foreign relations advisory council be constituted of the following: The Secretary of State, the Under Secretary of State, certain technicians whom the Secretary of State might designate, the chairman and the ranking minority member of the Senate Committee on Foreign Relations, the Chairman and the ranking member of the House Committee on Foreign Affairs, and such other Senators as the President might from time to time designate. I am happy to note that at long last the Secretary of State has come around to the idea which I suggested in September 1942. If Mr. Hull's present plan coincides with the idea contained in my 1942 resolution and the explanation of it which I have repeatedly made on the floor of the Senate, I am very happy, indeed. This country will have one of the most efficient and

constructive governmental agencies ever created, to handle the many intricate and oftentimes embarrassing problems arising from the international relations between the Allied nations, if the plan proposed in my resolution is put into effect. I trust that the Secretary of State and I are in agreement as to the fundamentals of the plan, and that such a plan will be effectuated without delay.

Our present international situation is precarious. We must have adequate, immediate discussion of all phases of the problems existing between our allies and ourselves, in order to insure sound and lasting agreements, when such agreements are ultimately made. I believe that a foreign relations advisory council, such as the one I suggested, would not only be a liaison committee between the Executive, the Senate, and the House, but would, as I said on a previous occasion, constitute a splendid example of democratic government at work, because it would embrace the concept of having the technicians, the Executive, and the representatives of the people working together.

As I stated earlier in my remarks, Mr. President, I was very much interested in reading in the morning newspaper the statement in the column written by Merlo Pusey that—

The first major step toward harnessing this team—

Congress and the Executive—

together for one-way pulling has been taken by Secretary Hull. He has asked the Senate Foreign Relations Committee to designate a subcommittee to consult with the Department of State on problems connected with the establishment of an international peace organization.

Mr. Pusey further stated in his column:

Mr. Hull's move is belated, but there is still time to bring about a meeting of minds between the treaty-negotiating and treaty-ratifying agencies if they find it possible to work together.

Mr. President, in order that the RECORD may be kept straight on this subject, I desire to repeat that on September 17, 1942, I submitted the resolution which I read a few moments ago, although on September 16, 1942, I sent a copy of my remarks and the resolution to Secretary Hull. On November 25, 1942, I spoke on this subject, and submitted for the RECORD the correspondence between Secretary Hull and myself, in which Secretary Hull turned down flatly the plan we are now considering. It will be a healthy sign, Mr. President, in our Government if once in a while someone from the executive branch of government would say, "I have made a mistake. I am sorry; I should have done so and so." Such an attitude does not exist at the present time.

I again spoke on this subject on February 25, 1943. At that time the distinguished senior Senator from Texas [Mr. CONNALLY] said my resolution would receive the attention of the Committee on Foreign Relations. On March 9, 1943, I spoke again on the subject of a foreign relations advisory committee or liaison

committee; and while on the floor of the Senate I received the assurance of the distinguished Senator from Texas that he would give me an opportunity to be heard on my resolution, Senate Resolution 22. I was given an opportunity to appear before the Committee on Foreign Relations, but Secretary Hull's definite position, as outlined in his letters which are a part of the record, apparently determined the action of the committee, because the committee took no action.

On January 7, 1944, I again submitted the resolution. It is now pending before the Committee on Foreign Relations. It invites the Chief Executive to join with the Senate in the creation of a foreign relations advisory council.

Mr. President, the reason why I am so much concerned about this matter is, first, that there has been no team play between the Senate of the United States and the Executive because the Executive does not know how to "play ball" with a coordinate branch of government. For some 11 years the matter of cooperation has been summarized by the words, "Do it my way." During that time we had an era of "yes" men.

Today, during a great world crisis, the Nation is demanding that these two great branches of government get together and "play ball." Can the Executive "play ball" after 10 or 11 years of telling Congress what to do? That question is a serious one. I sensed that situation in 1942. That is why I submitted the resolution. That is why I asked the Secretary of State to collaborate with us. But the Secretary of State flatly turned down the suggestion.

However, Mr. President, today, when Mr. Churchill, Mr. Stalin, and the President of the United States, according to all those who claim to know, are having troubles of their own, there is a slight indication that the two constitutional bodies of the United States which have to do with treaty-making and with foreign policy will get together. I am happy to know that is so. I have no pride of parentage in the resolution, but I desire to see that the record is kept straight. I wish to say to you, Mr. President, that Mr. Pusey also calls attention in his column to the following:

Senator WILEY had introduced a resolution 10 months before, asking the Secretary of State to report on the danger of war in the Far East in an executive session of the Foreign Relations Committee, but nothing had come of it.

The Washington Post in February 1942, 1 month after the white paper was issued, in commenting on the resolution I introduced in February 1941, calling for Secretary Hull to report on conditions in the Far East, said that had that resolution been acted upon, it was barely possible we would have been a year ahead in the Pacific, and that Pearl Harbor might have occurred in reverse. Why? Because my resolution was submitted in February 1941. In January 1941, our Ambassador to Japan, Mr. Grew, had already reported to the President and to others that Japan was ready to strike,

and would strike. In February I submitted my resolution calling for an executive session of the Senate and requesting that the Secretary of State report to us the condition of our defenses, and so forth, in the Far East. On December 7, Pearl Harbor came. In January 1942, the white paper giving this information was issued. In February we had the comment in the Washington Post. I do not know any reason why this august body of 96 Members, representing 134,000,000 people, should not have consideration, especially when the fundamental law of the land makes it the primary right and duty of this body to be in the foreign-relations picture, to advise and consent to treaties. So, Mr. President, I am very happy that at long last there seems to be a trend in the direction of cooperation in order that this country may have the benefit of two coordinate branches of government in the war picture and the post-war picture.

EMPLOYMENT OF GOVERNMENT EMPLOYEES IN HOUSE AND SENATE FOLDING ROOMS

The VICE PRESIDENT. The Chair lays before the Senate a joint resolution coming over from the House of Representatives, which will be read.

The joint resolution (H. J. Res. 260) providing for the employment of Government employees for folding speeches and pamphlets, House of Representatives, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That notwithstanding the provisions of the act of May 10, 1916, as amended by the act of August 29, 1916, the Doorkeeper of the House of Representatives is hereby authorized, during the Seventy-eighth Congress, to employ, whenever necessary, the services of Government employees for folding speeches and pamphlets at the prevailing rates provided by law.

Mr. HAYDEN. Mr. President, the purpose of the joint resolution is to take care of a situation in the folding room of the House of Representatives, which situation exists to an equal extent in the folding room of the Senate. There is great difficulty in obtaining help. The joint resolution would permit Government employees who have finished their work in the departments to receive overtime for work in the folding room.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, to make the joint resolution effective so far as the Senate is concerned, I offer three amendments, as follows:

At the end of line 4, to insert "Sergeant at Arms of the Senate and the"; in line 5, after "House of Representatives", to strike out "is" and insert "are"; and in line 5, after the word "hereby", to insert "respectively", so as to make the joint resolution read:

That notwithstanding the provision of the act of May 10, 1916, as amended by the act of August 29, 1916, the Sergeant at Arms of the Senate and the Doorkeeper of the House

of Representatives are hereby respectively authorized, during the Seventy-eighth Congress, to employ, whenever necessary, the services of Government employees for folding speeches and pamphlets at the prevailing rates provided by law.

Senators will understand that this is piece work.

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from Arizona. Without objection, the amendments will be considered en bloc.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution (H. J. Res. 260) was read the third time, and passed.

RETURN TO PRIVATE OWNERSHIP OF GREAT LAKES VESSELS AND CERTAIN OTHER VESSELS

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 3261) to amend the act of April 29, 1943, to authorize the return to private ownership of Great Lakes vessels and vessels of 1,000 gross tons or less, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BAILEY. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. RADCLIFFE, Mr. WALSH of New Jersey, and Mr. VANDENBERG conferees on the part of the Senate.

MEMORY MONDAY

Mr. McFARLAND. Mr. President, out of order, from the Committee on the Judiciary, I report favorably, with amendments, Senate bill 1110, providing for the designation of each Monday during the present war as Memory Monday, and I submit a report (No. 776) thereon.

Mr. President, this bill, which was introduced by the senior Senator from Iowa [Mr. GILLETTE] is a very commendable and appropriate measure. It has been approved by the President of the United States, by the War Department, and by the Navy Department. I ask unanimous consent for its present consideration.

The VICE PRESIDENT. Is there objection?

Mr. WHITE. Mr. President, will the Senator yield for a question?

Mr. McFARLAND. I yield.

Mr. WHITE. From what committee was the bill reported?

Mr. McFARLAND. From the Committee on the Judiciary.

Mr. WHITE. Was there opposition to it in the Judiciary Committee?

Mr. McFARLAND. There was no opposition. The bill was unanimously reported.

Because of the importance of this bill, I ask unanimous consent that the un-

finished business be temporarily laid aside, and that this bill be considered at this time.

The VICE PRESIDENT. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1110) providing for the designation of each Monday during the present war as Memory Monday.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1110) providing for the designation of each Monday during the present war as Memory Monday, which had been reported from the Committee on the Judiciary with amendments, on page 1, line 6, after the word "and", to strike out "each Monday" and insert "the first Monday of each month"; and in line 11, after the word "preceding", to strike out "week" and insert "month", so as to make the bill read:

Be it enacted, etc., That the President of the United States is hereby authorized and requested to issue a proclamation designating the first Monday in the month next following the date of enactment of this act, and the first Monday of each month thereafter until the cessation of hostilities in the present war, as Memory Monday in commemoration of the American men and women who have given their lives in the service of their country during the present war, particularly those who shall have fallen during the preceding month, and calling upon officials of the Government to display the flag of the United States at half mast on all Government buildings, property, and military and naval installations in the United States and its Territories and possessions on the days so designated.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill providing for the designation of certain Mondays during the present war as Memory Monday."

Mr. McFARLAND. Mr. President, I ask unanimous consent that a letter from the President of the United States; a memorandum from the Secretary of State; a letter from Secretary Knox to the President; and a letter from the Acting Secretary of War to the President, be printed in the Record at this point as a part of my remarks.

There being no objection, the letters were ordered to be printed in the Record, as follows:

THE WHITE HOUSE,

Washington, January 8, 1944.

HON. GUY M. GILLETTE,

United States Senate,

Washington, D. C.

DEAR GUY: I asked Cordell what he thought of your proposal for a Memory Monday, and I am enclosing copy of his memorandum to me indicating that neither the War Department nor the State Department would make any opposition.

Neither would I. But personally I always have the fear in the back of my head that any increase in the number of memorial days tends, over a period of time, to have them forgotten or not observed.

Just between us, what would you think of carrying out your excellent thought, but doing it a little less often? How would it do, for example, to make the first day of every month as the Memory Day; or, if you think it is better, make it the first Monday in every month?

If something like that were done instead of having the Memory Day once a week, I think that we could better call attention to it over the radio and in the press.

This is just a thought for you to mull over. In any event, you can be sure that I would not oppose.

With every good wish for the New Year,
Always sincerely,

FRANKLIN D. ROOSEVELT.

P.S.—I am also enclosing herewith copies of letters from the Acting Secretary of War and the Secretary of the Navy.

MEMORANDUM FOR THE PRESIDENT

JANUARY 6, 1944.

By reference of a memorandum under date of December 28 there was enclosed a letter from Senator GILLETTE under date of December 8, together with a copy of S. 1110.

The Senate bill would provide that each Monday be designated as Memory Monday and indicated by lowering the flags to half-mast on every public building in the United States.

The matter has been carefully considered in the Department. Informal conversation with the War Department indicated that that Department will probably offer no opposition.

It is my view that since foreign relations are not involved I do not care to recommend that the measure be opposed.

C. H.

MEMORANDUM FOR THE PRESIDENT

DECEMBER 29, 1943.

MY DEAR MR. PRESIDENT: I acknowledge your memorandum of December 28 touching upon the bill introduced by Senator GILLETTE and enclosing a copy of the bill which Senator GILLETTE had introduced in the Senate providing for the designation of each Monday as "Memorial Monday."

As one means of bringing home to the people of the United States the realities of the war and its certain costs in life, this might be very useful. In my opinion, it would be preferable to designate the first Monday in each month as "Memorial Monday" rather than every Monday. If, in some way we could encourage, by press and radio, the practice of giving out the names in each community once a month of those who had made the supreme sacrifice and for whom the flag was half-masted, it would naturally heighten the effect. I believe that through the O. W. I. this custom could be established. The two together, I think, would be highly useful in producing the essential psychology among the people for the duration of the war.

Yours sincerely,

FRANK KNOX.

JANUARY 6, 1944.

The President,
The White House.

DEAR MR. PRESIDENT: In reply to your memorandum of December 28 concerning Senator GILLETTE's bill, S. 1110, providing for a weekly ceremony honoring the men who lose their lives in the war, I feel that the thought of regularly and vividly bringing to mind the brave men who have fallen in the battle for this Nation's survival cannot but meet with general approbation. There is the danger, however, that a standardized ceremonial, as frequently repeated as is proposed under S. 1110, may lose the significance for which it is conceived, a result which would be most unfortunate. Should the resolution be enacted,

continuing affirmative effort would be necessary to keep alive the significance of the ceremonial. While this could probably be done at military posts, camps, and stations, it might not be feasible in other installations. The War Department therefore feels that a less frequent observance would be decidedly preferable.

Sincerely yours,

JOHN J. MCCLOY,
Acting Secretary of War.

Mr. McFARLAND. The committee asked that I particularly call the attention of the Senate to a portion of the letter from the Secretary of the Navy, which reads as follows:

As one means of bringing home to the people of the United States the realities of the war and its certain costs in life this might be very useful. In my opinion it would be preferable to designate the first Monday in each month as "Memorial Monday" rather than every Monday. If, in some way, we could encourage, by press and radio, the practice of giving out the names in each community once a month of those who had made the supreme sacrifice and for whom the flag was half-masted, it would naturally heighten the effect. I believe that through the O. W. I. the custom could be established. The two together, I think, would be highly useful in producing the essential psychology among the people for the duration of the war.

FIRST LT. CHARLES F. GUMM

Mr. BONE. Mr. President, I have before me a copy of the trans-Atlantic edition of the London Daily Mail of March 22, 1944. This is the world's first trans-ocean newspaper, edited and made up in London, photographed on microfilm, flown by bomber over the Atlantic, then printed and published in New York. The grim necessity for thrift and space is evident as one contemplates the small size of this newspaper when contrasted with our great metropolitan dailies.

In all the vast panorama of war news presented by the immense field of operations, the editors of the Daily Mail still find space to record a story of valor of one of our American boys who went down in the red tide of war. This boy, who not only gave his last full measure of devotion to the cause of his country, but who did it in a way that will immortalize his name, was 23-year-old First Lt. Charles F. Gumm, of Spokane, Wash. He was flying over the village of Nayland, in Suffolk, England, in his Mustang plane. Something went wrong with the engine of the plane, and apparently his one hope of escaping with his life was to drop his plane into the street. Instead of giving himself this one last chance, he deliberately forced his plane over the roof tops of buildings in order to avoid crashing into the street where he knew such a landing would cause the death of pedestrians. As a capable pilot, he knew exactly what this deliberate act meant to him, and yet this boy instantly elected to rob himself of his last chance in order to save the lives of others.

St. John the apostle said:

Greater love than this hath no man, that a man lay down his life for his friends.

Charles F. Gumm went beyond this highest expression of love and courage,

for he voluntarily laid down his life for strangers.

Probably no greater tribute to stark bravery has ever been penned by mortal man than is found in the beautiful language of Hugo describing the last stand of the Old Guard at Waterloo. And yet, when those brave Frenchmen perished to a man in the hail of English lead, they gave to the world no more sublime example of unselfish heroism than that revealed by this courageous lad from Spokane. So long as mankind admires the virtue of manly courage, the world will remember with a thrill the gallant exploit of Charles F. Gumm, who deliberately yielded up his young life to save the lives of others. Nobility of character could find no higher expression in this sad world.

SOUTHERN FREIGHT RATES

Mrs. CARAWAY. Mr. President, I wish to speak briefly on the subject of Southern freight rates. It is one of the most vital problems of the South. Later I expect to go into this subject at greater length.

My State of Arkansas is unusually rich in natural resources, agricultural, forest, and mineral, but its production, population, income, and wealth are below the average for the United States because it lacks manufacturing industries.

While the population of Arkansas has shown a steady, but moderate increase—at the rate of less than 10,000 per annum for the past 20 years, as contrasted with more than 20,000 per annum before that time—the rate of growth for the past 20 years has been less than the natural increase from births, less deaths. This means that Arkansas has been exporting to other States people who were seeking better opportunities, although Arkansas has natural resources rich enough to support many times its present population.

One reason for this situation is decreasing employment. From 1920 to 1940, the total number of gainful workers in Arkansas decreased from 634,564 in 1920, to 583,944 in 1940. The decrease was proportionately greatest in the number of wage earners engaged in manufacturing industries, which went down from 49,954 in 1919 to 36,177 in 1939. The total wages paid industrial workers declined in even greater proportion, from \$47,186,000 in 1919, to \$24,547,000 in 1939. Correspondingly, the value of manufactured products declined from \$200,313,000 in 1919 to \$160,167,000 in 1939.

The disproportion of Arkansas' manufacturing industry to its production of raw materials is shown by the fact that its manufactured products in 1939, \$160,000,000, were less than the value of raw materials produced, which was \$227,000,000, the value of the manufactured products being only 41 percent of the value of the total production. In the United States, as a whole, the value of manufactured products in 1939 was \$56,842,000,000 and of raw materials, \$14,449,000,000, the value of manufactures being 80 percent of the whole. Arkansas has, per capita, more than its

share of the value of raw materials produced, but it has only 19 percent of its per capita share of the value of the manufactured products of the United States.

Because income depends on production, especially upon production of manufactured products, the relatively low production of manufactured products in Arkansas is reflected in a relatively low annual average income of \$825 per employed person (1940), compared with an average of \$1,688 for the United States as a whole.

Arkansas has the misfortune of being in the region of the highest freight rates on miscellaneous manufactured articles in the United States. There is no justification for this from the standpoint of transportation costs, as recent studies of the Interstate Commerce Commission, which have been published in Senate Document No. 63, of the Seventy-eighth Congress, first session, June 1943, show that the cost of rail transportation in Arkansas is no higher than in the eastern territory, but the rates on manufactured products from Arkansas to the East are almost without exception much higher than the rates in the East on the same commodity, for the same length of haul.

For example, the rate on furniture in carloads, from Fort Smith, Ark., to Indianapolis, Ind., a distance of 656 miles, is \$1 a hundred pounds, while the rate in eastern territory for the same mileage is 79 cents a hundred pounds. The rate on canned foodstuffs from Fayetteville, Ark., to Indianapolis, a distance of 594 miles, is 56 cents a hundred pounds, while the rate on canned goods for the same mileage in the eastern territory is 41 cents a hundred pounds. The rate on fiberboard boxes from Little Rock, Ark., to Indianapolis, a distance of 532 miles, is 52 cents a hundred pounds, while the rate for the same distance in the East is 35 cents per hundred pounds. Even the rate on lumber from Arkansas points to the East is on a higher level than the rate on lumber in the eastern territory. From Crossett, Ark., for example, to Indianapolis, a distance of 643 miles, the rate on lumber is 40 cents a hundred pounds, while the eastern lumber rate for the same distance is 32 cents a hundred pounds. Those rates are typical of the rates paid on Arkansas-manufactured products to the East, as compared with the rates charged on competitive articles moving from eastern manufacturers to eastern markets. It is no wonder that Arkansas manufacturing has made little progress in the face of these handicaps.

Bills are now pending in Congress which would require the Interstate Commerce Commission to establish within 3 years a uniform classification of freight and uniform class freight rates throughout the country, with only such exceptions as are justified by difference in transportation conditions. Those bills are intended to carry out the recommendations of the Transportation Board of Investigation and Research which reported to the President and Congress last year—House Documents 145 and 303,

Seventy-eighth Congress, first session—that the existing differences in classification and class rates were harmful to the economic development of the South and West, and were not justified by differences in transportation or other conditions.

There is also an investigation now under way, by the Interstate Commerce Commission, of freight classification and class rates throughout the area east of the Rocky Mountains, which was begun in 1939—I. C. C. Documents 28300 and 28310—upon earnest insistence of southern and western Members of Congress that the existing inequalities be investigated and corrected. The indications are that there may be a decision by the Commission in the next year or two. However, class rates apply on only a small proportion of the total freight which the railroads haul. The great majority of the traffic moves on individual commodity rates. While it is important that class rates which apply on miscellaneous commodities, particularly small-quantity shipments, be corrected as promptly as possible, this will by no means be the end of the fight which must be carried on until present discriminations against all the products of Arkansas and other Western and Southern States are wiped out.

Mr. President, we have heard much in recent years of the so-called southern economic national problems. There would be no southern problems if the South received the fair treatment accorded other areas. The discrimination against that section in the matter of freight rates is but an example of what I have in mind.

The South is one of the greatest areas of our great Nation. It has the resources, the climate, and the high type of American citizenship to forge to the front if it be given an even break in the operation of government.

Mr. President, I am proud to be an Arkansan and a southerner. No other section of the Nation has exceeded us in the war effort. From that area, and those contiguous thereto, there has come a remarkable number of those who have been prominent in leadership in the war. The area has many heroes. To my mind everyone who is serving in this great war for the liberty of our Nation and the world, whether he be the humblest private, or one who leads, is a hero.

I predict that when peace comes the South will have a new and brighter page in the history of the United States.

JEWISH NATIONAL HOME IN PALESTINE

Mr. CLARK of Missouri. Mr. President, on February 1, 1944, the Senator from New York [Mr. WAGNER] and the Senator from Ohio [Mr. TAFT] submitted Senate Resolution 247, resolving that the United States use its good offices in taking appropriate measures to the end that the doors of Palestine shall be open for free entry of Jews into that country and that there shall be full opportunity for colonization so that the Jewish people may ultimately reconstitute Palestine as a free and democratic Jewish commonwealth. The resolution reaffirmed the

action of the Congress on June 30, 1933, in which the Sixty-seventh Congress gave adherence to the Balfour Declaration for the reestablishment of a Jewish national home in Palestine. Senate Resolution 247 was referred to the Foreign Relations Committee. As a member of that committee I was an earnest supporter of that resolution, and, so far as I know, there was little or no opposition to its adoption in the committee. However, as a result of a letter from the Secretary of War transmitted by the Secretary of State vigorously protesting against the adoption of the resolution at this time, and as the result of the appearance before the committee of high military authorities ascertaining that the adoption of the resolution might be harmful to the war effort, the resolution has been held in abeyance in the committee, and on that state of fact even the most ardent supporters of the resolution were unable to protest seriously the action of the committee. However, a few days ago, after a conference at the White House between the President and Dr. Abba Hillel Silver and Dr. Stephen S. Wise, the cochairmen of the American Zionist Emergency Council, Dr. Silver and Dr. Wise issued the following statement:

The President authorized us to say that the American Government has never given its approval to the white paper of 1939. The President is happy that the doors of Palestine are today open to Jewish refugees, and that when future decisions are reached, full justice will be done to those who seek a Jewish national home for which our Government and the American people have always had the deepest sympathy and today more than ever, in view of the tragic plight of hundreds of thousands of homeless Jewish refugees.

Inasmuch as the President is the Commander in Chief of the Army and Navy of the United States, as well as the head of our Diplomatic Service, it seems to me that the statement of the President necessarily supersedes and transcends the statements of other American officials, no matter how important they may be. I, therefore, feel justified in calling the matter to the attention of the Senate, particularly in view of the extreme urgency of the situation.

Mr. President, on March 31 there will become operative, unless this Government successfully intervenes, one of the most brutal and calamitous policies in the history of Christian civilization. I refer to the British white paper which for the past nearly 5 years has been the obstruction upon which the hopes of hundreds of thousands of homeless persecuted people have fallen in their efforts to escape the living hell which the bestial Hitler has inflicted upon the Jews of Europe.

Ironical as it may seem, tragic as it is, the Jewish homeland in Palestine, by the operation of this policy, has, insofar as the homeless Jews of Europe are concerned, ceased to be a homeland, and if this policy becomes fully effective, it will not only not be a homeland, but it may well become another place where the Jew will be unable to lay his head in peace. It may well become another concentra-

tion camp, with all the horrors of those camps.

The British white paper stands, in my mind and in the minds of hundreds of thousands, perhaps millions, of American citizens of all faiths, as probably the most tragic of all the unhappy experiences this unhappy people have had since a political mountebank threw the world into an uproar with the Jews as his first victims. The British Government closed the gates of Palestine back in 1939, when a misguided Prime Minister, Mr. Chamberlain, was seeking to appease the Hitler government. No peoples on earth denounced that policy more vigorously than did the rank and file Britishers, and no official was more critical of that policy than was the man who today is the Prime Minister of the British Empire, the Right Honorable Winston Churchill.

Almost 5 years have passed, however, since Mr. Churchill rose in Commons to denounce this violation of the solemn pledge of the British Government. Since he spoke from the benches of the opposition, Mr. Churchill has become the No. 1 spokesman of his Government, and although he so vigorously opposed the stoppage of Jewish immigration into Palestine when he was on the outside looking in, he has done nothing, insofar as I know, now that he sits in the seats of the mighty, to rectify that great wrong or to modify that policy.

In the meanwhile, time moves rapidly. Unhappily the British Government is not alone in responsibility for the tragic situation which now pertains to Palestine. Our Government also has a responsibility, and this responsibility will increase as the full effects of this policy become operative.

Let me explain. During the First World War the great President of the United States, Woodrow Wilson, and the then head of the British Empire, Mr. Lloyd George, conducted negotiations in response to a world-wide demand that steps be taken to alleviate the plight of the suffering Jews of Europe by setting aside their centuries-old home, Palestine, as a national home for the Jews.

As a result of the negotiations between this Government and the British Government, there was promulgated on November 2, 1917, by the British Secretary of State for Foreign Affairs, the late Arthur James Balfour, that has since become known as the Balfour Declaration. This declaration, although issued in the name of the British Government, was, insofar as I am able to ascertain, a declaration also of policy on the part of the Government of the United States, because President Wilson and our own Department of State were party to its promulgation. Let me read to Senators what the Balfour Declaration says. I quote:

His Majesty's Government views with favor the establishment in Palestine of a national home for the Jewish people, and will use their best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Pal-

estine, or the rights and political status enjoyed by the Jews in any other country.

The Balfour Declaration brought hope and happiness to millions of Jews throughout the world. To the homeless and oppressed it was the rainbow in the storm-covered sky of the Jewish world. Equally, it was hailed by Protestant and Catholic men and women of good will throughout the world. They were like you and me, Mr. President, in thinking that at long last the age-old crime of a Christian civilization against the Jewish people was about to be righted.

After the World War, first at the Versailles Peace Conference, and then at subsequent international gatherings, steps were taken by the Allied and Associated Nations to carry into practical effect the principles of the Balfour Declaration. It is well to note here that in all these conversations by the spokesmen of the British Government and the spokesmen of the American Government, and the other Allied Powers, it was intended that Palestine would be a homeland for the Jews in the fullest sense of the word.

It is well to note, too, that the spokesmen for the Arab world were apparently just as happy that this was coming to pass as were the spokesmen for the Jewish world. At the Versailles Conference there actually was entered into by the spokesmen for the Jews and spokesmen for the Arabs what can well be known as a treaty of peace and amity. There were exchanged letters by the then foremost champion of the Arab cause and a leading spokesman for the Zionist organization of America. In a personal letter the Emir Feisal, the late great recognized spokesman for the Arab people, had this to say:

I want to take this opportunity of my first contact with American Zionists to tell you what I have often been able to say to Dr. Weizmann in Arabia and Europe.

We feel that the Arabs and Jews are cousins in race, have suffered similar oppression at the hands of powers stronger than themselves, and by a happy coincidence have been able to take the first step toward the attainment of their national ideals together.

We Arabs, especially the educated among us, look with the deepest sympathy on the Zionist movement. Our deputation here in Paris is fully acquainted with the proposals submitted yesterday by the Zionist organization to the peace conference and we regard them as moderate and proper. We will do our best, insofar as we are concerned, to help them through; we will wish the Jews a most hearty welcome home.

With the chiefs of your movement, especially with Dr. Weizmann, we have had, and continue to have, the closest relations. He has been a great helper of our cause, and I hope the Arabs may soon be in a position to make the Jews some return for their kindness. We are working together for a reformed and revived Near East and our two movements complete one another. The Jewish movement is national and not imperialist. Our movement is national and not imperialist, and there is room in Syria for us both. Indeed, I think that neither can be a real success without the other.

People less informed and less responsible than our leaders and yours, ignoring the need for cooperation of the Arabs and Zionists, have been trying to exploit the official

difficulties that must necessarily arise in Palestine in the early stages of our movements. Some of them have, I am afraid, misrepresented your aims to the Arab peasantry, and our aims to the Jewish peasantry, with the result that interested parties have been able to make capital out of what they call our differences.

I wish to give you my firm conviction that these differences are not on questions of principle, but on matters of detail such as must inevitably occur in every contact of neighboring peoples, and as are easily adjusted by mutual good will. Indeed, nearly all of them will disappear with fuller knowledge.

I look forward, and my people with me look forward, to a future in which we will help you and you will help us, so that the countries in which we are mutually interested may once again take their place in the community of civilized people of the world.

Now let me get back to the Versailles Conference. As a result of the Covenant of the League of Nations, a mandatory policy was agreed upon in which certain nations were to be given spheres of influence. England was given the mandate of Palestine, and although the United States Government did not become a participant in the League of Nations, it did reserve for itself the right to approve the mandate over Palestine, having first kept itself fully informed concerning the development of the mandate.

Let me say parenthetically, Mr. President, that a few days ago I read a very long and illuminating article in the Baltimore Sun, under a London date line, in which it was stated that the mere introduction of this resolution had caused a great deal of indignation in England, on the ground that we were interfering in British territory even by introducing such a resolution. Of course, the fact is that the British have no more rights in Palestine than we have, or than anyone else has, except in their fiduciary capacity, which comes about by their having been granted a mandate by the League of Nations. Palestine does not belong to the British. The British have no color of title whatever to Palestine. It is a piece of impudence on their part to assume that Palestine belongs to them.

Following the agreement on a mandatory policy a convention was negotiated by the then Secretary of State of the United States, Mr. Charles Evans Hughes, later Chief Justice of the Supreme Court, and Mr. Austen Chamberlain, the British Secretary of State, whereby the United States approved the mandate for Palestine. This convention was approved by the Senate of the United States on February 20, 1925. It was ratified by the President of the United States on March 2, and by Great Britain on March 28. The ratifications were exchanged at London on December 3, and the convention was proclaimed by President Calvin Coolidge on December 5, 1925. It thus became the law of the land insofar as the United States Government is concerned.

Prior to ratification of the mandate by the United States and Great Britain, the Congress of the United States unanimously passed what has since become

known as the Lodge resolution which resolved:

That the United States of America favors the establishment in Palestine of a national home for the Jewish people, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of Christian and all other non-Jewish communities in Palestine, and that the holy places and religious buildings and sites in Palestine shall be adequately protected.

Following the proclamation of the mandate, Jews from all parts of Europe began moving into Palestine. Their coming converted a barren land into a literal Biblical land of "milk and honey." In the span of a quarter of a century since the end of the first World War, the Jewish community in Palestine grew from approximately 50,000 to approximately 600,000 people.

A barren country, desolate and forsaken for centuries, Palestine has been transformed by Jewish idealism and labor into a thriving country, and it stands today as the world's most marvelous example of reclamation. The example is even more marvelous because the people who converted this soil had for centuries been forced to live away from the land and in crowded areas of industrial communities. It is fortunate that, prior to the promulgation of the British white paper policy, more than a quarter million Jews poured into Palestine in the early days of Hitler's reign of terror. These refugees from Germany and other Nazi-dominated countries of Europe became, in Palestine, aggressive and intelligent allies of the United Nations. Aside from the fact that were it not for Palestine, approximately half a million additional Jews would have been slaughtered by Hitler, the fact stands out that these people in Palestine were heroic allies of the British Eighth Army at a time when the British Empire was being driven back to its life line at the Suez.

These people were our friends in the hour of the United Nation's greatest need. Jews of Palestine volunteered as combat troops with General Montgomery, and more than 30,000 of them fought with magnificent courage at El Alamein, Tobruk, and in every other battle in north Africa through to Italy, where thousands of men are now fighting with the British. They were magnificent soldiers and no one has been more generous in his praise than General Montgomery himself. In addition, the men, women, and children in Palestine left their orange groves and their other agricultural pursuits to become industrial workers, first for the British Army and then later for the American troops. In Palestine, they manufactured everything from marmalade to munitions. It is noteworthy that Jewish technicians who were driven from Germany by Hitler, re-established their trades and enterprises in Palestine. They began turning out in that country optical equipment, scientific and precision instruments, and other commodities which the British had theretofore imported from Germany. Had it not been for the presence of these

people in Palestine, the British Eighth Army would have been deprived of much valuable material badly needed in helping to win the war in north Africa. These industries still are functioning at high speed and the entire economy of Palestine continues to be geared to the winning of the war.

So much for Palestine's contribution to the war which has been and is a magnificent contribution.

Now let us get back to the mandate. I have shown how the United States Government became a party to the mandate for Palestine. Article 7 of the convention between the United States and Great Britain, which convention includes all the provisions of the mandate, declares that no modification shall be made in the terms of the mandate unless such modifications had been assented to by the United States.

Note these words, that no change shall be made in the terms of the mandate unless such modifications shall have been assented to by the United States. This language is part of a treaty by the Government of the United States and the Government of Great Britain, signed by the late Ambassador Frank B. Kellogg, of the United States, and by the Right Honorable Austen Chamberlain, His Majesty's Principal Secretary of State for Foreign Affairs, on behalf of the King of England.

Despite this treaty which specified that no change should be made in the mandate, the British Government proceeded to destroy the mandate and to render it practically null and void insofar as its purpose was to make it a national home for the Jews. They, the British Government, made the mandate for Palestine a scrap of paper. They were apparently entirely indifferent to their solemn agreement.

Not once were the wishes of the American Government consulted, and not once in the nearly 5 years which have elapsed since this flagrant and tragic betrayal of its trust was perpetrated by Great Britain, so far as is known, has the American Government made any protest.

Not once has our Department of State said to the Government of Great Britain, "You cannot do this. You have a treaty with us which says that no change shall be made in the mandate without first receiving our assent."

To all intents and purposes, we of the United States Government, are equally a party to this nullification. By our silence for nearly 5 years we have to all practical purposes given our consent to this tragic violation of the pledged word of 51 nations.

Mr. SHIPSTEAD. Mr. President—
The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Missouri yield to the Senator from Minnesota?

Mr. CLARK of Missouri. I yield.

Mr. SHIPSTEAD. Does the Senator mean to say that neither the State Department nor the President has protested the actions of the British Government?

Mr. CLARK of Missouri. I say they have never been protested so far as anyone knows.

Because Palestine might have saved the lives of tens of thousands of persecuted Jews during the past 5 years had they been permitted to go there, and were not permitted to go there because of the operation of this iniquitous white paper, we of this Nation are in effect a party to this crime, and for this I hang my head in shame.

The horrible effects of this mandate, Mr. President, will become fully operative on April 1, and in all this period the only word of protest uttered by a responsible official of the American Government was spoken a few days ago in the White House by the President to Dr. Abba Hillel Silver of Cleveland, Ohio, and Dr. Stephen S. Wise, the cochairman of the American Zionist Emergency Council, the organization of Jews and gentiles which has been formed to try, at this late date, to rectify this horrible wrong. Following that conference Dr. Silver and Dr. Wise, by authority of the President, gave out the statement I have quoted above.

This, Mr. President, I repeat was the first word of protest against the white paper policy by a responsible official of the American Government in these 4 years, 11 months, and 9 days of its operation.

You can imagine, Mr. President, the hope it brought to hundreds of thousands of people here and overseas.

At long last, a responsible official of this Government has spoken out.

I was a guest that evening at the dinner of the American Palestine committee at which more than 800 people were present, mostly Protestants and Catholics. To them the President's words were stimulating, even as they were to Jews in this country and to Jews overseas.

All of us felt that finally the Government of the United States was disassociating itself from that horrible and ironical policy which prevents homeless, persecuted Jews from migrating even to Palestine.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. SHIPSTEAD. To whom did the President protest?

Mr. CLARK of Missouri. The President authorized the statement. I believe the Senator stepped off the floor when I earlier referred to the statement. In an interview with Dr. Silver and Dr. Wise, the President authorized them to give out the statement which I read earlier. I am glad to repeat it:

The President authorized us to say that the American Government has never given its approval to the white paper of 1939. The President is happy that the doors of Palestine are today opened to Jewish refugees, and that when future decisions are reached, full justice will be done to those who seek a Jewish national home for which our Government and the American people have always had the deepest sympathy, and today more than ever, in view of the tragic plight of hundreds of thousands of homeless Jewish refugees.

Mr. SHIPSTEAD. Was there no protest from our Government to the British Government?

Mr. CLARK of Missouri. That is the only expression by any responsible Government official which has been made on the subject.

Mr. SHIPSTEAD. That statement was made by Dr. Silver; was it?

Mr. CLARK of Missouri. It was made by Dr. Silver and Dr. Wise, who were authorized to make the statement, so they said.

Mr. SHIPSTEAD. Was the statement made to the British Government?

Mr. CLARK of Missouri. No; they gave it out to the public.

Mr. SHIPSTEAD. I understand.

Mr. CLARK of Missouri. Mr. President, since the announcement of the statement on behalf of the President by Dr. Silver and Dr. Wise, nearly 3 weeks have passed, and we have heard nothing further. I appreciate that the wheels of diplomacy turn slowly, but I also appreciate that the clock clicks away. In another 10 days the white-paper policy will become completely effective, and unless repudiated or modified, it will become a permanent prohibition against Jewish migration to Palestine.

If this comes to pass, Mr. President, the tragedy of the Jew of our time will be infinitely worse than the tragedy of the Jew throughout the ages. Where, then, Mr. President, will be our vaunted Christian civilization? Where, then, will be the long-time policy of this Government? Where then will be our national self-respect? Where, then, will be the principles of the Atlantic Charter?

I cannot believe, Mr. President, that this Government will stultify itself. Neither do I believe that a great humanitarian like Mr. Roosevelt will be content merely with an indirect statement to the effect that the "United States Government has never given its approval to the white paper of 1939."

The time has passed when mere words will halt continuation of this tragedy. Action is needed.

Mr. President, it has been said that Palestine is too small a country to accommodate all of the homeless Jews who might want to go there. Obviously, Mr. President, it is not planned to move all of them overnight; nor, insofar as I have ever heard, is it planned to move all of them at all at any time. What is anticipated is that when the war is over those unfortunate people, who cannot reconstruct their lives in the devastated areas of Europe, where people do not want them, will be permitted to go to Palestine and achieve homes for themselves. Also, the thousands of refugees who got away from Hitler, but did not get to Palestine because of the restrictive immigration policy resulting from the white paper, will be absorbed.

For the past few nights, I have been reading a very interesting book by a United States Government official, Dr. Walter Clay Lowdermilk, one of the foremost soil-conservation authorities of our Government and in the world, entitled "Palestine, Land of Promise." It would

be to the advantage of any Member of this body to peruse the book.

Dr. Lowdermilk was first attracted to Palestine because of studies made there and in the course of a soil survey of other countries, directed by the Congress of the United States, which took him from Casablanca to Chungking. In all of his travels in Europe, Africa, and Asia, he found Palestine by all odds the most interesting place on earth where the soil is being reclaimed and an ancient land is being returned to the fruitfulness which the Creator intended.

Mr. BONE. Mr. President, will the Senator yield?

Mr. CLARK of Missouri. I yield.

Mr. BONE. Does the book the Senator has mentioned indicate the amount of water available for reclamation work in Palestine?

Mr. CLARK of Missouri. It not only indicates the amount of water available for reclamation work but it contains concrete suggestions as to certain very interesting projects which the author of the book believes entirely feasible both for power development and for reclamation work. I may say that one of the projects which Dr. Lowdermilk discusses in his book would involve taking the sweet water of the River Jordan and using it for irrigation purposes in the arid or semiarid land around it, and replacing that water in the River Jordan by sea water. The proposal is that the sea water be brought in by means of a tunnel which Dr. Lowdermilk says is entirely practical. It would bring from the Mediterranean sea water which could be used for power purposes. Dr. Lowdermilk states that the depression of the Sea of Galilee, the River Jordan, and the Dead Sea is the most interesting spot on the habitable globe from the standpoint of prospective power development. His book is one which I am certain every Senator could very profitably spend a few evenings in reading.

Mr. BONE. Of course, Mr. President, it would be a remarkable thing and would be tremendously advantageous for that area, if both functions could be blended in one operation.

Mr. CLARK of Missouri. The project Dr. Lowdermilk suggests is unique, as I have said, because he proposes that the sweet water be taken from the River Jordan and used for irrigation and reclamation purposes, and that it be replaced with sea water from the Mediterranean, which would be used for power purposes. He says that is entirely feasible.

Mr. BONE. Would any pumping operations be necessary?

Mr. CLARK of Missouri. The topography is such that, by the construction of the tunnel, so Dr. Lowdermilk says, it is perfectly possible to divert water from the Mediterranean Sea, which is only a few miles away, and use it to replace the sweet water taken from the River Jordan and used for irrigation purposes. Of course, the surface of the Dead Sea is nearly 1,300 feet below sea level. The Sea of Galilee is more than 600 feet below sea level, as I recall.

Mr. BONE. We have nothing comparable to that in this country, unless it be portions of Death Valley.

Mr. CLARK of Missouri. Dr. Lowdermilk states there is nothing else in the entire world that is anything like the topography existing in the cleft generally represented by the Sea of Galilee, the River Jordan, and the Dead Sea.

Mr. BONE. Of course, with a 600-foot head of water there would be no trouble with power development.

Mr. President, it might be well at this point to say a few words about the country itself. Incidentally, let me say that the mandate of Transjordan, which logically should belong with Palestine in one country, because it is essentially the same country, was wrenched out of the Palestine mandate. While the British have a mandate over Transjordan, it was wrenched out of the Palestine mandate, which is proposed as the Jewish homeland.

Palestine, west of the Jordan, comprises an area of 10,400 square miles. It is characterized, despite its small size, by great diversity of climate, soils, altitude, and rainfall, and offers possibilities for many types of agriculture and varied economic development. Its population today is about 1,500,000.

Belgium, Holland, and Sicily are each of approximately the same size as Palestine. The population of Sicily, mountainous and without important industries, is 4,000,000; that of Belgium and Holland, each, over 8,000,000. It is clear that area alone does not determine the absorptive capacity of a country; its material resources and the energy, skill, and character of its inhabitants must also be taken into account.

Archeological and historical evidence indicates that in Greco-Roman times Palestine supported a population of 3,000,000 to 4,000,000, or more than twice the present total. It is reasonable to suppose that with the aid of modern technology that figure will not only be reached once more, but considerably exceeded.

After 8 months in which Dr. Lowdermilk was afforded every possible opportunity by all groups in Palestine to make a thorough and exhaustive study of the potentialities of the area, he says this in his book about the absorptive capacity of Palestine:

I shall not attempt to estimate the final absorptive capacity of Palestine. That would be impossible, for the absorptive capacity of any country is a dynamic and expanding conception. It changes with the ability of the population to make the maximum use of its land, and to put its economy on a scientific and productive basis. It is clear, however, that there is ample proof of the assertion that full utilization of the Jordan Valley depression for reclamation and power will in time make possible the absorption of at least 4,000,000 Jewish refugees from Europe, in addition to the 1,800,000 Arabs and Jews already in Palestine and Trans-Jordan.

It has been also said that the Jews are driving the Arabs from the country. This is in no way in accordance with the facts. Actually, the contrary is true and actually the Arabs of Palestine are by far the most prosperous Arab peoples in the Middle

East, in contrast with the fact that at the time of the establishment of the Jewish homeland they were by far the poorest and most backward Arabs in the whole of the Middle East. The Arab population has substantially increased since the Balfour Declaration. Certainly the Colonial Office of the British Government is not prejudiced in favor of the Jews. When Mr. Malcolm MacDonald, Secretary of State for the Colonies in the Chamberlain government, refutes the allegation that the Jews have imposed hardships on the Arabs, the allegation certainly is without foundation in fact. This is what Mr. MacDonald said in the House of Commons on November 24, 1933. Remember, he is said to be the author of the white paper.

The Arabs cannot say that the Jews are driving them out of their country. If not a single Jew had come to Palestine after 1918, I believe that the Arab population of Palestine today would still have been around about the 600,000 figure—instead of over 1,000,000 as at present—at which it had been stable under the Turkish rule. It is because the Jews who have come to Palestine bring modern health services and other advantages that the Arab men and women who would have been dead are alive today, that Arab children who would never have drawn breath have been born and grow strong.

One further word, Mr. President, and I shall be through. The question of the termination of the horrible white-paper policy is not a problem of the Jew. It is a problem of the Christians of the world, and by force of circumstances it is chiefly a problem of the Christians who constitute the Governments of the United States and of Great Britain. As a humble member of the legislative branch of the Government of the United States I feel deeply on this subject. The self-respect of all of us has been challenged and the self-respect of our Government is equally at stake. I hope that other Members of the Congress and of the executive branch of the Government will feel as I do, so that every possible constructive step to alleviate the sufferings of the Jews of Europe will be taken at the earliest possible moment, and that the gates of Palestine will be reopened speedily and permanently in order that those people may find a welcome at the only place on God's green earth where at the moment the governments of the world apparently are willing for them to get a new start in life and live as decent, self-respecting, constructive, helpful citizens as they have always lived in those communities where the Jew is permitted to become a part of his community.

It seems to me that in view of the tragic urgency of the crisis and in view of the President's humanitarian expressions on the subject, the Wagner-Taft resolution should be passed without delay.

Mr. JOHNSON of Colorado. Mr. President, I thank the Senator from Missouri for his very detailed and comprehensive statement of a situation which is rapidly becoming almost intolerable. Next Saturday may become one of the black days in the history of the English-speaking people. Next Saturday will become one of the black days of the history of England, Mr. President, unless in the re-

maining few days of this week the British Government rescinds its iniquitous white paper which halts Jewish immigration into Palestine.

After next Saturday a total of not more than 23,000 Jews will be permitted to go to Palestine, which will include only the men, women, and children who have heretofore obtained visas but have been unable to complete their pilgrimage to their "promised land" because of transportation difficulties. The British Colonial Office charged with the administration of Palestine has graciously consented to extend the validity of their admission certificates until they can be utilized. But after that the gates of Palestine will be closed.

For the past 5 years, Mr. President, or since the white-paper policy has been operative, the British Government has permitted only 10,000 Jewish refugees a year to enter a land which was set aside after the last war, under the initiative of the United States and other Allied Nations, as the haven where these oppressed and harassed people would have the opportunity to rebuild their lives, as was stated to the Senate by the Senator from Missouri.

In the meanwhile, Hitler the maniac, and his henchmen, have been exterminating Jews in Germany, in Poland, and in the occupied countries at an estimated rate of more than 10,000 per day. In other words, Hitler has killed more Jews a day—every day—than Britain has permitted to find refuge in Palestine in a year. Hitler has exterminated more Jews in 5 days in central Europe than the British Government has permitted to enter Palestine in 5 years.

Hitler and Himmler the hangman have now moved into Hungary and Rumania, and once more Jewish slaughter stands first on the agenda of hate in those unhappy lands.

Heretofore tens of thousands of Jews en route to Palestine, halted because of the white paper, have found some sort of asylum in the Balkans. Now Hitler has caught up with them and his Gestapo may be depended upon to do its work thoroughly. The reverses he is suffering in Russia will be expiated by the blood of these helpless people.

Our Government has not been unaware of their plight. Our Government has known that it was necessary to get them out of the Balkans. Brave words have been spoken about saving them; but apparently there was no real effort made to get them to Palestine, the only place where they were really wanted. Palestine could have absorbed an additional two or three million of them and made them helpful allies of our cause—just as it has absorbed the half-million Jews who did get there before 1939—but Palestine has been closed by the white paper. The white paper and its responsible authors have therefore been in effect an ally of Hitler in his diabolical conspiracy for the extermination of the Jewish people of Europe. This is an inescapable conclusion.

While the responsibility for this tragedy is primarily the responsibility of the British Government, we in the United

States must also bear our share of blame. As stated by the Senator from Missouri [Mr. CLARK], to the extent that we failed to voice a protest, the responsibility is also ours. Long ago we negotiated a treaty with Great Britain wherein we consented to British administration of the mandate for Palestine. That convention specifically states in article 7 that no modification shall be made in the terms of the mandate unless such modification has been assented to by the United States.

Curtalement of Jewish immigration during the past 5 years, and the proposed complete stoppage, is in violation of this mandate. Furthermore, any restriction whatsoever of Jewish immigration into Palestine is entirely contrary to the intent, purpose, and spirit of the Balfour Declaration which was the forerunner of the mandate. Has the United States Government ever protested this violation? Has the United States Government ever lifted its voice in behalf of the helpless victims of this unlawful violation of a sacred covenant? The answer is "No."

Just 2 weeks ago—mark you, just 2 weeks ago—President Roosevelt asserted that the American Government has never given its approval to the white paper. Of course, it has not, but neither has it voiced its disapproval. So in the absence of a protest by the United States, the British Government has continued this iniquitous and unlawful policy for 5 years. In those 5 years no one knows how many lives might have been saved. Certainly many tens of thousands would have found safety.

While the President's guarded statement that this Government "has never approved the white paper" does not constitute a formal protest by one government to another concerning the flagrant violation of a treaty, yet it is the only word which has been spoken by a responsible United States official on the subject.

I had hoped that Mr. Churchill in his speech last Sunday would announce a retreat from the white paper, for no one in Britain has been more critical of it than Mr. Churchill. He once described it as a "betrayal." But perhaps he too has become callous to Jewish suffering and travail. Perhaps he, too, is indifferent to the fate of those who still can be saved.

Well, I am not indifferent, Mr. President, and I know the Senate is not indifferent. The Senate ratified the treaty concerning the mandate for Palestine, and it approved by unanimous vote the Lodge resolution of 1922 approving the establishment of the Jewish national homeland. The time has come for the Senate to speak up. The overwhelming majority of American citizens are appalled at the premeditated extermination of the Jewish people. They want justice accorded the Jew. They know that a just settlement of this problem is a Christian problem. They know that in the inhospitable world of today the only place where the Jew of Europe can go is Palestine. I wish it were otherwise, but unfortunately it is not.

Under the circumstances, therefore, we should face realities in the Senate and do all in our power to keep the gates of Palestine open to the end that it shall become a free and democratic Jewish commonwealth. It should become a Jewish national homeland, just as was contemplated when the Balfour Declaration was promulgated more than a quarter of a century ago with the full knowledge, consent, and cooperation of the United States Government. Anything less will be what the eloquent Churchill has termed a "betrayal."

Mr. BRIDGES. Mr. President, I wish merely to take a moment of the Senate's time, in following the remarks made by the distinguished Senator from Colorado [Mr. JOHNSON], to add my protest against the British white paper, which will completely stop Jewish immigration into Palestine on and after next Sunday unless before then the policy be changed.

President Roosevelt, in a recent statement, said:

The American Government has never given its approval to the white paper.

Which is an accurate statement.

The President further stated:

When future decisions are reached, full justice will be done to those who seek a Jewish national home.

It would be a major tragedy if, literally on the eve of our winning World War No. 2, fought in the interest of freedom of all peoples and nations, tens of thousands of additional Jews should perish because of Hitler's fury on one hand and the inability of the Jews to find a place to go, on the other. If Palestine were open, there would be a place for them to go.

From London comes word, I hear, that some change may be made in the British position. I hope so, and I hope that it will mean some constructive action will be taken.

Unfortunately, Palestine is the only place on earth where most of these unfortunate people can go. There they will be given a genuine welcome and safety. There, like others before them, they will become useful, productive citizens.

Palestine, the Jewish national homeland, created by the great statesmen of the British Empire with the full cooperation of American statesmen, is denied to the Jews—the very people it was intended to help—at a time when they need it the most.

The white paper was part of an appeasement era which produced Munich, which, instead of preventing heartaches and bloodshed, produced greater heartaches, more bloodshed, and economic destruction.

Happily, more than 300,000 Jews escaped Hitler and went into Palestine. They became our valued and valiant allies. They have contributed directly to the war effort, both in productive capacity and fighting on the front.

Our Government failed to protest immediately and actively when the British Government took action which was not in accord with the treaty between the two Governments, which says that no

change can be made in the mandate for Palestine without our consent.

The situation is now sufficiently clear so that I hope some change of policy may be worked out in the interest of fairness and justice to humanity.

The need today for a free Palestine is great, but the need will be infinitely greater when the task of rehabilitation begins in the post-war era.

OPERATIONS OF UNITED STATES MARITIME COMMISSION

Mr. AIKEN. Mr. President, last week in the independent offices appropriation bill we appropriated \$6,766,000,000 for the United States Maritime Commission. I did not oppose the appropriation because, as the United States Maritime Commission and the War Shipping Administration are now operated, this amount is probably needed to attain the desired results. However, I have repeatedly called the attention of the Congress to the shortcomings and wastefulness of the United States Maritime Commission and wish to do so again at this time.

The very fact that the Comptroller General's office has repeatedly called the attention of the Congress to the misconduct of the affairs of the Maritime Commission and the fact that the Comptroller General has held up several hundred million dollars which in his opinion the Commission proposed to pay out wrongfully should have resulted in a complete investigation of this Commission a long time ago.

From time to time I have requested and received from the General Accounting Office information concerning Maritime Commission and War Shipping Administration affairs.

A short time ago I requested certain information from the General Accounting Office, and, under date of March 8, the Honorable Lindsay C. Warren wrote me giving such information as was available at that time. I asked for—

The percent of total amount of the purchase contracts that carry recapture provisions as required under section 606 of the Merchant Marine Act, 1936.

I was in error in that I referred to section 606, because it is section 505 (b) of the Merchant Marine Act of 1936 which requires the insertion of recapture clauses in contracts placed by the Maritime Commission.

I ask unanimous consent that section 505 (b) of the Merchant Marine Act of 1936 be inserted in the Record as a part of my remarks at this point.

The PRESIDING OFFICER. Without objection, permission is granted.

Section 505 (b) is as follows:

SEC. 505 (b). No contract shall be made for the construction of any vessel under this act unless the shipbuilder shall agree (1) to make a report under oath to the Commission upon completion of the contract, setting forth in the form prescribed by the Commission the total contract price, the total cost of performing the contract, the amount of the shipbuilder's overhead charged to such cost, the net profits and the percentage such net profit bears to the contract price, and such other information as the Commission

shall prescribe; (2) to pay to the Commission profit, as hereinafter provided shall be determined by the Commission, in excess of 10 percent of the total contract prices of such contracts within the scope of this section as are completed by the particular contracting party within the income taxable year, such amount to become the property of the United States, but the surety under such contracts shall not be liable for the payment of such excess profit: *Provided*, That if there is a net loss on all such contracts or subcontracts completed by the particular contractor or subcontractor within any income taxable year, such net loss shall be allowed as a credit in determining the excess profit, if any, for the next succeeding income taxable year: *Provided*, That, if such amount is not voluntarily paid, the Commission shall determine the amount of such excess profit and collect it in the same manner that other debts due the United States may be collected; (3) to make no subdivisions of any contract or subcontract for the same article or articles for the purpose of evading the provisions of this act, and any subdivision of any contract or subcontract involving an amount in excess of \$10,000 shall be subject to the conditions herein prescribed; (4) that the books, files, and all other records of the shipbuilder, or any holding, subsidiary, affiliated, or associated company, shall at all times be subject to inspection and audit by any person designated by the Commission, and the premises, including ships under construction, of the shipbuilder, shall at all reasonable times be subject to inspection by the agents of the Commission; and (5) to make no subcontract unless the subcontractor agrees to the foregoing conditions: *Provided*, That this section shall not apply to contracts or subcontracts for scientific equipment used for communication and navigation as may be so designated by the Commission, and the Commission shall report annually to the Congress the names of such contractors and subcontractors affected by this provision, together with the applicable contracts and the amounts thereof.

Mr. AIKEN. Under date of March 8, 1944, the Comptroller General wrote me a letter from which I quote the following:

Item No. 2: Section 606 of the Merchant Marine Act, 1936, as amended, relates to operating differential-subsidy contracts and, hence, it is presumed that you intended to refer to section 505 of the said act which relates to construction. A large number of the purchase contracts have been examined and, with the exception of one or two instances, the recapture provisions were omitted. It is understood that approximately 20,000 purchase contracts have been entered into and that recapture provisions were inserted in only about 25 or 30 of said contracts. In that connection, see my letter of October 7, 1943, B-32105, to you. There is transmitted herewith a copy of memorandum dated October 20, 1941, to the Commission from its Assistant General Counsel (Exhibit A), and of memorandum dated November 4, 1941 (Exhibit B), showing the action taken by the Commission in the matter.

Exhibit A referred to is dated October 30, 1941, and is a memorandum from Assistant General Counsel Wade H. Skinner to the United States Maritime Commission. The subject is "Recapture of profits in excess of 10 percent," and concludes with a recommendation. I ask leave to have the entire memorandum inserted in the Record at this point, including the recommendation which was made to the Commission by Wade H.

Skinner, assistant general counsel at that time, and which appears at the end of the memorandum.

The PRESIDING OFFICER. Without objection, the memorandum will be printed in the RECORD.

The memorandum is as follows:

EXHIBIT A

OCTOBER 30, 1941.

To: United States Maritime Commission.

From: Assistant general counsel.

Subject: Recapture of profits in excess of 10 percent.

By section 505 (b) of the Merchant Marine Act 1936, as amended, it is provided that no contract shall be made for the construction of any vessel under said act unless the shipbuilder shall agree to pay the Commission profit in excess of 10 percent of the total contract prices of such contracts as are completed by the contracting party within the income taxable year and that such contracting party will not make any subcontract involving an amount in excess of \$10,000 unless the subcontractor agrees to the same conditions. Prime contracts for materials, equipment, and supplies for use in connection with the construction of vessels under the Merchant Marine Act, 1936, as amended, have been considered by the Commission to be subject to the same conditions as prime contracts made by the Commission for the construction of vessels, if such contracts are for amounts in excess of \$10,000. By section 402 of the Second Revenue Act of 1940, approved October 8, 1940, a subcontractor to whom the Excess Profits Tax Act of 1940 is applicable is exempt from the provisions of section 505 (b) if the prime contractor and the subcontractor are not affiliated and if both parties are corporations.

Contracts for the construction of vessels and for the purchase of materials, equipment, and supplies to be used in the construction of vessels pursuant to the authority in Public Law 5 and Public Law 23 (Lend-Lease Act) may be entered into without regard to the requirements of competitive bidding under section 3709 of the Revised Statutes and are not required to contain provisions with respect to recapture of profits. Under section 2 of Public Law 46 the Commission is granted authority to negotiate contracts for the construction of complete vessels or any portion thereof either under the Merchant Marine Act, 1936, or section 4 of Public Law 5 "with or without advertising or competitive bidding upon determination that the price is fair and reasonable" and in connection with such authority to negotiate contracts, the Commission might use contracts providing for payment of cost plus a fixed fee or cost plus a fixed fee with such bonuses and penalties as the Commission may deem necessary to secure maximum performance under such contracts, if for each contract such fixed fee does not exceed 7 percent of the estimated cost of the contract, exclusive of the fee and any bonuses payable thereunder and the aggregate of such fixed fee plus any such bonuses payable thereunder does not exceed 10 percent of such estimated cost. By this provision, negotiated contracts, providing for payment of cost plus a fee, are excluded from consideration in the determination of profit of the contractor under section 505 (b) (2) of the Merchant Marine Act, 1936.

Title III of Public Law 247, approved August 25, 1941, provides for an appropriation supplementing the Commission's construction fund established under the provision of the Merchant Marine Act, 1936, as amended, in addition to the other activities and functions authorized. This title further provides that the provisions of section 2 and 4 and the several proviso clauses contained in section 1 of the act of February 6, 1941 (Public Law 5),

shall apply to all the activities and functions which the Commission is authorized to perform thereunder. Neither sections 2 or 4 nor the several proviso clauses of Public Law 5 make any reference to the Merchant Marine Act, 1936, except section 207 of that act. It is not believed, therefore, that the recapture provisions of the Merchant Marine Act, 1936, are required by law to be made applicable to lump-sum contracts for the construction of vessels or portions thereof under the provisions of Public Law 247. The increase made in the Commission's construction fund by Public Law 247 at most only raises an inference that the provisions of the Merchant Marine Act, 1936, shall be applicable to the activities and functions authorized under this law.

Recent contracts for the construction of vessels on a lump-sum basis, whether pursuant to the Lend-Lease Act or otherwise, have contained provisions for the recapture of profits in excess of 10 percent similar to the recapture provisions incorporated into contracts made pursuant to the Merchant Marine Act, 1936. Such provisions seem to be consistent with the intent of Congress so far as the Commission's activities are concerned, particularly in view of the 10-percent limitation of profit both under the Merchant Marine Act, 1936, and Public Law 46.

Inasmuch as the Commission is engaged in an extensive procurement program of machinery, equipment, parts, and supplies for use in connection with the construction of vessels, the question has arisen as to the necessity or desirability of recapture of profit provisions similar to those required under the Merchant Marine Act, 1936, as amended, in connection with prime contracts made by the Commission for the procurement of materials, machinery, equipment, and supplies in excess of \$10,000 for use in the construction of vessels whether or not such vessels are or will be constructed pursuant to the authority of the Merchant Marine Act, 1936. Since such contracts will in many cases be for materials for vessels under the Merchant Marine Act as well as the Lend-Lease Act or other authority, it would seem necessary in the interest of consistency to make the recapture of profits provisions applicable to the entire quantity of materials purchased. Moreover, in view of the fact that practically all of the lump-sum contracts contain a rather liberal escalator clause, which eliminated most of the contractor's risk, and the limitations on profits imposed by the Merchant Marine Act and by Public Law 46 in connection with cost-plus-a-fixed-fee contracts, it is believed that the Commission's policy should be to the effect that all construction and procurement contracts on a lump-sum basis made by the Commission should carry profit-limitation provisions.

Recommendation: It is recommended that in view of the foregoing, the Commission should determine, as a matter of policy, that all contracts made on a lump-sum basis for the construction of vessels and for materials, equipment, and supplies, whether for use in connection with the construction of vessels or otherwise, provided such contracts are in excess of \$10,000, shall be subject to profit-limitation provisions substantially similar to those required by section 505 (b) of the Merchant Marine Act of 1936. It is further recommended that the Commission authorize the proper officers to take any and all action necessary to effectuate the purposes of the recommendation herein set forth.

WADE H. SKINNER,
Assistant General Counsel.

Mr. AIKEN. This memorandum, Mr. President, is dated October 30, 1941. Exhibit B, referred to by Mr. Warren, is dated November 4, 1941, and shows the

action taken by the Commission on the recommendation of its assistant general counsel, Mr. Skinner. I shall read it as follows:

EXHIBIT B

NOVEMBER 4, 1941.

To: Assistant general counsel.

From: Secretary.

Subject: Recapture of profits in excess of 10 percent.

At a meeting on November 4, 1941, the Commission considered your memorandum of October 30, 1941, on the above subject.

The Commission determined as a matter of policy that all prime contracts in excess of \$10,000 made on a lump-sum basis for the construction of vessels and for materials, equipment, and supplies, whether for use in connection with the construction of vessels or otherwise, shall be subject to a 10-percent profit limitation in cases where such contracts contain an "escalator clause" with respect to material and labor costs.

The Commission further authorized the proper officers to take any and all action necessary to effectuate the purposes of this determination.

W. C. PEET, Jr.,
Secretary.

It would appear from this that the Commission at that time—November 4, 1941—had determined to restrict profits on its contracts in excess of \$10,000 to 10 percent.

Inasmuch as the Comptroller General refers to a letter which he sent to me under date of October 7, 1943, I wish to say that in this letter he makes reference to a letter which was received by him from the Chairman of the Maritime Commission under date of May 29, 1943, reading as follows:

This will acknowledge your letter of May 15, 1943, relative to the noninclusion within the document designated General Provisions, Form No. 8026, and Form No. 8024 of the provisions of section 505 of the Merchant Marine Act, 1936, as amended.

These forms were designed for use in connection with the purchase of materials, supplies, and equipment for vessels to be constructed under the provisions of Public Laws 5, 247, 474, and 630 (77th Cong.) and in the opinion of the Commission's general counsel, the inclusion of the provisions of section 505 (b) of the Merchant Marine Act, 1936, is not required in contracts entered into pursuant to the authority of the afore-mentioned laws.

Thus it would appear from these exhibits that the Maritime Commission had determined on November 4, 1941, that all prime contracts in excess of \$10,000 should be subject to a 10 percent profit limitation; that the Commission at some later date, which I do not know, had decided that it was not necessary or advisable to include a recapture clause in the contracts.

At any rate, according to the Comptroller General, the recapture clause has been inserted in only about 25 or 30 contracts out of 20,000 purchase contracts that have been entered into.

I am not sufficiently versed in law to state whether the Maritime Commission was within its rights in failing to insert a recapture clause in these contracts, as required by section 505 (b) of the Merchant Marine Act of 1936. There is such liberality in the interpretation of law by Government departments and so many

loopholes through which departments can technically escape the congressional intent of a law, that it is impossible for a layman, as well as most lawyers, to venture an opinion or interpretation without being promptly disagreed with.

However, whether the Maritime Commission violated the law or not in failing to include recapture clauses in its contracts, we are, every one of us, interested in the amount of profit allowed by the Commission to its contractors. I do not think there is the slightest doubt that Congress intended to limit profits to cost plus 10 percent.

Now, let us see what profit the Maritime Commission has actually allowed.

I requested the Comptroller General to advise me of the results of renegotiation both where the contracts carried the recapture provisions and where such provisions were not included in the contracts.

I now quote from Mr. Warren's letter in reply to my request:

Item No. 3. Enclosed herewith is a summary of the results of renegotiation by the Price Adjustment Board of the United States

Maritime Commission, together with supporting schedules covering renegotiations from inception to December 31, 1943 (exhibit C). It will be noted that the profit allowed on "sales" amounting to \$898,012,874.07 is \$78,389,734.96, or 9.65 percent, which profit amounts to approximately 10.6 percent of costs.

Since section 505 (b) of the Merchant Marine Act, 1936, as amended, provides for recapture of profits in excess of 10 percent of the contract prices, it follows that the higher the contract price the higher the profit allowance, the elements of cost and capital invested not being for consideration. That is to say, the higher the bid price the higher the profit allowance.

Item No. 4. See summary of renegotiations (exhibit C) and statement under item No. 3. The summary shows that profits allowed under renegotiated contracts exceed 10 percent of cost and, in many instances, exceed 10 percent of "sales" (contract prices). Accordingly, it appears that the profits allowed under renegotiation settlements in those cases exceed the profits that would have been allowed had the recapture provisions of section 505 been incorporated in the contracts—since under the terms of that section profits are limited to 10 percent of the contract price (sales).

The exhibit C referred to is a summary of renegotiations of the United States Maritime Commission Price Adjustment Board from its inception to December 31, 1943, showing the schedule of renegotiations completed, renegotiations miscellaneous, where contracts are not yet executed, renegotiations cleared, and renegotiations resulting in forward price reductions.

It is significant that, of the \$459,919,755.82 representing renegotiations completed, the Maritime Commission has allowed a profit of 10.78 percent on adjusted sales. While I have been furnished with photostat copies of these renegotiation schedules broken down to individual contractors, yet I will ask to have inserted in my remarks at this point only the summary of renegotiations to which I have referred.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Is there objection?

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

Summary of renegotiations, U. S. Maritime Commission Price Adjustment Board, from inception to Dec. 31, 1943—Restricted

| Description | Total sales subject to renegotiation | Reported profits before Federal income and excess profits taxes | Percent reported profits on sales | Excessive profits recovered | Adjusted sales | Profits allowed on adjusted sales (before Federal taxes) | Percent allowed on adjusted sales | Forward price reductions | Total recovered and forward price reductions |
|---|--------------------------------------|---|-----------------------------------|-----------------------------|------------------|--|-----------------------------------|--------------------------|--|
| Renegotiations completed (schedule 1)..... | \$459,919,755.82 | \$105,605,262.16 | 22.96 | \$62,793,792.67 | \$397,125,963.15 | \$42,811,469.49 | 10.78 | ----- | \$62,793,792.67 |
| Renegotiations miscellaneous (schedule 2) (contracts not yet executed)..... | 278,887,295.35 | 47,097,162.29 | 16.89 | 22,701,071.85 | 256,186,223.50 | 24,390,090.44 | 9.52 | ----- | 22,701,071.85 |
| Subtotal..... | 738,807,051.17 | 152,702,424.45 | 20.67 | 85,494,864.52 | 653,312,186.65 | 67,207,559.93 | 10.29 | ----- | 85,494,864.52 |
| Renegotiations cleared (schedule 3)..... | 159,205,822.90 | 11,182,175.03 | 7.02 | ----- | 159,205,822.90 | 11,182,175.03 | 7.02 | ----- | ----- |
| Subtotal..... | 898,012,874.07 | 163,884,599.48 | 18.25 | 85,494,864.52 | 812,518,009.55 | 78,389,734.96 | 9.65 | ----- | 85,494,864.52 |
| Renegotiations resulting in forward price reductions (schedule 4)..... | 451,778,711.00 | ----- | ----- | ----- | ----- | ----- | ----- | \$57,321,608 | 57,321,608.00 |
| Grand total..... | 1,349,791,585.07 | 163,884,599.48 | ----- | 85,494,864.52 | 812,518,009.55 | 78,389,734.96 | ----- | 57,321,608 | 142,816,472.52 |

Mr. AIKEN. Mr. President, section 505 of the Merchant Marine Act of 1936 provided that all profits in excess of 10 percent should be recovered by the Government. Not only did the framers of this act consider 10 percent an adequate peacetime profit, but we might as well assume that it was considered an adequate profit for the depression years which were then prevailing.

The contracts of the Maritime Commission have expanded from millions to billions of dollars, yet the Commission is allowing contractors a percentage of profit greater than that which was considered adequate during the years of the great depression. How can we lay any claim to maintaining good government in our country—even good wartime government—when we permit such things to continue?

I asked the Comptroller General for the latest balance sheet of the Maritime Commission, and this is what he said. I quote from his letter:

The latest balance sheet available is as of June 30, 1942. A recent examination thereof was made by representatives of this office who reported that the records were in such condition—supporting documents and papers being missing—that a proper verification of the balance sheets of the War Shipping Administration and the United States Maritime

Commission as of June 30, 1942, was impossible.

Again, Mr. President, let me say that the facts I am presenting today concerning conditions prevailing in the operations of the United States Maritime Commission and the War Shipping Administration are the facts that have been determined by the General Accounting Office. The Comptroller General is required by law to report to the Congress transactions of any agency of government which is audited by his office and found to be wrongfully or wastefully expending public funds. The Comptroller General has reported many transactions of the Maritime Commission to this Congress. We have done nothing about it.

An investigation of the Maritime Commission would reveal that the Red Sea charter contracts, under which operators with very little capital investment obtained millions of dollars in profits, have never been renegotiated, in spite of the fact that counsel for the Maritime Commission and Lend-Lease have both ruled that these rates are subject to renegotiation.

In order to refresh our memory on the Red Sea charter contracts, I will say that in the year 1941 there were 81 vessels chartered to carry lend-lease goods to the Red Sea. These 81 vessels made 90

voyages. The value of these vessels, with 11 valuations missing, was \$8,256,000. The charter hire amounted to \$31,364,880.11, and the profit on these voyages amounted to \$26,874,176.70, or about three times the value of the vessels themselves.

Considerable publicity was given to these seemingly excessive profits, and there was, naturally, a demand that these steamship companies be required to return part of the profits. It appears, with two exceptions, these being the Weyerhaeuser Steamship Co. and the American President Lines, the companies receiving these tremendous profits have refused to return any of them, I understand on the ground that the costs were paid out of lend-lease funds, and were claimed, therefore, not to be subject to renegotiation by the Maritime Commission.

I ask to insert in the RECORD a table which appears on page 303 of the report of hearings on the Red Sea space charter rates held before the House Committee on the Merchant Marine and Fisheries in March 1943.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Summary of Red Sea voyages

| Owner | Vessels | Voyages | Depreciated values | Dead-weight tons | Charter hire | Voyage profits | Profit per weight-ton per month |
|--|---------|---------|--------------------|------------------|----------------|----------------|---------------------------------|
| American Export Lines, Inc. | 6 | 6 | \$232,350.57 | 49,145 | \$1,724,918.64 | \$1,572,144.52 | \$4.70 |
| American Foreign Steamship Corporation | 2 | 2 | 895,974.26 | 16,000 | 634,116.03 | 481,128.13 | 5.14 |
| American Hawaiian Steamship Co. | 10 | 10 | 478,532.54 | 97,369 | 3,565,674.79 | 3,096,749.85 | 5.65 |
| American President Lines, Ltd. | 2 | 3 | 307,828.59 | 39,150 | 1,181,643.00 | 814,242.06 | 3.89 |
| Atlas Trading Corporation | 1 | 1 | | 9,650 | 261,405.00 | 57,624.60 | .59 |
| Boyd, Weir & Sewell, Inc. | 1 | 1 | | 7,200 | 374,812.92 | 385,588.52 | 9.13 |
| Colmar Steamship Corporation | 7 | 8 | 695,237.00 | 75,453 | 2,967,669.75 | 2,639,989.25 | 5.63 |
| Isthmian Steamship Co. | 6 | 7 | 1,589,581.60 | 65,940 | 2,554,540.30 | 2,529,292.68 | 6.80 |
| Luckenbach Steamship Co., Inc. | 10 | 12 | 1,420,857.72 | 128,428 | 4,608,456.74 | 3,879,729.77 | 5.42 |
| Lykes Bros. Steamship Co., Inc. | 4 | 4 | 187,208.37 | 38,975 | 1,370,440.20 | 1,318,493.69 | 5.11 |
| Matson Navigation Co. | 4 | 4 | 238,779.23 | 37,440 | 1,301,901.75 | 995,390.62 | 4.12 |
| McCormick Steamship Co. | 2 | 3 | 146,065.99 | 26,807 | 942,641.55 | 743,516.59 | 4.87 |
| Nicol, R. A., agent | 6 | 6 | | 54,335 | 2,066,206.75 | 1,662,681.97 | 4.25 |
| Norwegian Shipping & Trade Mission | 1 | 1 | | 8,990 | 418,967.40 | 367,230.57 | 7.76 |
| Shepard Steamship Co. | 1 | 2 | 167,465.10 | 16,800 | 621,513.39 | 498,554.42 | 5.73 |
| Sudden & Christenson | 1 | 1 | | 8,565 | 374,664.75 | 270,835.20 | 3.27 |
| The Union Sulphur Co. | 1 | 2 | | 16,868 | 571,808.80 | 364,558.12 | 3.84 |
| Waterman Steamship Corporation | 12 | 12 | 1,855,800.46 | 107,736 | 4,004,987.30 | 3,733,193.31 | 5.17 |
| Weyerhaeuser Steamship Co. | 4 | 5 | 1,037,189.82 | 49,134 | 1,818,511.05 | 1,463,232.83 | 5.18 |
| Total | 81 | 90 | 8,256,000.00 | 853,985 | 31,364,880.11 | 26,874,176.70 | 5.13 |

¹ Value of 1 ship not available.

Charter hire per deadweight-ton.....\$36.73
 Profit per deadweight-ton.....\$31.47
 Average length of completed voyages (days).....186

Mr. AIKEN. Mr. President, in view of the fact that it has been claimed that

the companies participating in these profits needed the profits, I ask that there be printed condensed balance sheets of these companies appearing on pages 328

to 349 of the report to which I have just referred.

There being no objection, the balance sheets were ordered to be printed in the RECORD, as follows:

American Export Lines, Inc.
 CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | Dec. 31, 1939 | Dec. 31, 1940 | Dec. 31, 1941 | Dec. 31, 1942 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| ASSETS | | | | | |
| Current assets | \$2,060,735.77 | \$2,968,796.69 | \$6,767,220.01 | \$16,743,896.52 | \$15,360,235.53 |
| Vessels | \$10,407,235.74 | \$13,398,507.30 | \$17,807,247.43 | \$14,442,002.38 | \$11,037,430.15 |
| Less reserves | 3,831,118.20 | 4,349,811.28 | 4,096,780.29 | 4,376,961.65 | 968,938.17 |
| | 6,576,117.54 | 9,048,696.02 | 13,710,467.14 | 10,065,940.73 | 10,068,491.98 |
| Securities and receivables from subsidiaries | 400,000.00 | 350,000.00 | 1,350,000.00 | 1,350,000.00 | 1,350,000.00 |
| Special funds and deposits | 4,811.12 | 10,188.65 | 6,269,260.88 | 10,276,320.79 | 15,760,477.59 |
| Vessels under construction | 107,548.72 | 475,902.96 | | 1,779,186.94 | |
| Other assets | 517,865.39 | 509,408.84 | 582,604.28 | 436,720.17 | 898,246.58 |
| Total assets | 9,667,078.54 | 13,362,993.16 | 28,679,642.31 | 40,651,165.15 | 43,437,451.68 |
| LIABILITIES | | | | | |
| Current liabilities | 1,157,620.97 | 1,850,685.28 | 2,275,980.80 | 6,404,668.42 | 6,947,618.09 |
| Voyages in progress | 167,628.35 | 741,234.68 | 1,956,363.65 | 2,819,206.50 | |
| Recapture profits, U. S. Maritime Commission | | | 4,086,711.84 | 5,084,642.73 | 5,267,684.03 |
| Other liabilities and reserves | 4,282,392.50 | 5,878,336.60 | 10,271,510.47 | 3,335,542.76 | 103,001.81 |
| Total liabilities and reserves | 5,607,541.82 | 8,470,306.56 | 18,590,566.76 | 17,644,060.41 | 12,318,303.93 |
| CAPITAL | | | | | |
| Capital stock ¹ | 480,000.00 | 480,000.00 | 1,480,000.00 | 1,480,000.00 | 1,415,000.00 |
| Capital surplus | 594,016.46 | 592,850.98 | 592,850.98 | 592,850.98 | 592,850.98 |
| Earned surplus | 2,985,520.26 | 3,819,835.62 | 8,016,224.57 | 20,934,253.76 | 29,111,296.77 |
| Total | 4,059,536.72 | 4,892,686.60 | 10,089,075.55 | 23,007,104.74 | 31,119,147.75 |

¹194,349 of a total of 480,000 shares of common stock are held by Lehman Bros., New York.

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|-------------------------------------|--------------------------|--------------|--------------------------|----------------|--------------------------|----------------|--------------------------|-----------------|--------------------------|----------------|
| Gross profit on shipping operations | | \$804,533.81 | | \$1,656,148.33 | | \$7,957,951.92 | | \$14,348,552.43 | | \$7,614,531.49 |
| Operating differential subsidy | | 1,217,744.33 | | 1,375,758.51 | | 1,681,020.89 | | 973,847.00 | | 220,076.39 |
| Other income | | 126,916.69 | | 131,829.05 | | 281,121.31 | | 228,108.85 | | 370,337.84 |
| Total | | 1,995,361.45 | | 3,000,077.79 | | 9,920,094.12 | | 15,550,568.28 | | 8,204,945.72 |
| Officers' salaries | | \$83,514.53 | | \$91,105.83 | | \$96,152.50 | | \$102,439.97 | | \$99,622.81 |
| Depreciation of vessels | | 487,163.37 | | 519,617.48 | | 912,046.57 | | 710,179.16 | | 506,076.89 |
| Other costs and expenses | | 804,281.79 | | 898,600.26 | | 1,041,137.80 | | 759,649.79 | | 482,918.47 |
| Total | | 1,374,959.69 | | 1,509,323.57 | | 2,049,336.87 | | 1,672,268.92 | | 1,088,618.17 |
| Net profit before taxes | | 620,401.76 | | 1,490,754.22 | | 7,870,757.25 | | 13,978,299.36 | | 7,116,327.55 |
| Provision for Federal income taxes | | 50,000.00 | | 40,000.00 | | 185,000.00 | | 300,000.00 | | 1,061,400.00 |
| Net profit after taxes | | 570,401.76 | | 1,450,754.22 | | 7,705,757.25 | | 13,678,299.36 | | 6,054,927.55 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividends declared, common | 55 | \$232,000.00 | 90+ | \$462,000.00 | 100 | \$480,000.00 | 150 | \$720,000.00 | 200 | \$960,000.00 |
| Dividends declared, preferred | | | | | 5 | 18,687.50 | 5 | 50,000.00 | 5 | 48,156.25 |

¹ Loss.

American-Hawaiian Steamship Co.
CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|--|-----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|
| ASSETS | | | | | | | | | | |
| Current assets..... | | \$3,104,625.99 | | \$3,919,008.87 | | \$11,497,480.57 | | \$16,773,471.50 | | \$13,573,533.31 |
| Vessels..... | \$21,604,816.73 | | \$21,780,507.50 | | \$15,047,710.98 | | \$14,598,801.70 | | \$9,017,144.27 | |
| Less reserves..... | 16,184,882.15 | | 17,020,133.94 | | 12,941,915.97 | | 13,221,783.88 | | 8,435,673.06 | |
| | | 5,419,934.58 | | 4,760,373.56 | | 2,105,795.01 | | 1,377,017.82 | | 581,471.21 |
| Securities of and receivables from subsidiaries..... | | 195,000.00 | | 195,000.00 | | 1,045,000.00 | | 1,550,380.00 | | 1,550,380.00 |
| Other assets..... | | 3,775,121.68 | | 4,067,292.27 | | 1,637,178.07 | | 2,491,561.55 | | 8,915,617.72 |
| Total assets..... | | 12,494,682.25 | | 12,941,674.70 | | 16,285,453.65 | | 22,192,430.87 | | 24,621,002.24 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities..... | 581,240.32 | | 681,655.08 | | 3,303,044.30 | | 8,003,468.49 | | 5,801,422.42 | |
| Voyages in progress..... | 429,573.56 | | 406,610.34 | | 862,993.20 | | 1,058,167.95 | | | |
| Other liabilities and reserves..... | 3,253,514.54 | | 3,319,025.78 | | 1,150,000.00 | | 1,850,000.00 | | | |
| Total liabilities and reserves..... | | 4,264,328.42 | | 4,407,291.20 | | 5,316,037.50 | | 10,911,636.44 | | 5,801,422.42 |
| CAPITAL | | | | | | | | | | |
| Capital stock..... | 4,370,000.00 | | 4,370,000.00 | | 4,358,000.00 | | 4,338,000.00 | | 4,257,000.00 | |
| Capital surplus..... | 716,592.98 | | 605,423.36 | | 268,237.72 | | | | | |
| Earned surplus..... | 3,143,760.85 | | 3,558,960.14 | | 6,343,178.43 | | 6,942,794.43 | | 14,562,579.82 | |
| Total capital..... | | 8,230,353.83 | | 8,534,383.50 | | 10,969,416.15 | | 11,280,794.43 | | 18,819,579.82 |

¹ Includes reserves for vessel replacements, insurance, and contingencies.

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|--|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|-----------------|--------------------------|----------------|
| Gross profit on shipping operations..... | | \$3,687,838.87 | | \$3,851,941.51 | | \$4,989,212.57 | | \$12,603,724.15 | | \$7,670,503.12 |
| Other income..... | | 123,196.29 | | 267,306.29 | | 1,989,328.51 | | 1,500,188.68 | | 753,047.31 |
| Total..... | | 3,811,035.16 | | 4,119,247.80 | | 6,978,541.08 | | 12,103,912.83 | | 8,423,550.43 |
| Officers' and directors' salaries..... | \$181,371.24 | | \$181,380.00 | | \$300,549.84 | | \$392,575.04 | | \$240,300.21 | |
| Depreciation of vessels..... | 896,973.02 | | 835,251.79 | | 660,981.60 | | 533,563.54 | | 388,459.46 | |
| Other costs and expenses..... | 1,986,724.91 | | 2,160,623.74 | | 2,524,560.51 | | 2,520,866.06 | | 1,759,174.91 | |
| Total..... | | 3,065,069.17 | | 3,177,255.53 | | 3,486,091.95 | | 3,447,004.64 | | 2,387,934.58 |
| Net profit before taxes..... | | 745,965.99 | | 941,992.27 | | 3,492,449.13 | | 8,656,908.19 | | 6,035,615.85 |
| Provision for Federal income taxes..... | | 155,000.00 | | 169,000.00 | | 2,570,000.00 | | 5,900,000.00 | | 4,316,300.00 |
| Net profit after taxes..... | | 590,965.99 | | 772,992.27 | | 922,449.13 | | 2,756,908.19 | | 1,719,315.85 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividends declared..... | 10 | \$437,625.00 | 15 | \$655,500.00 | 25 | \$1,526,350.00 | 50 | \$2,177,000.00 | 30 | \$1,281,375.00 |

¹ Loss.

American President Lines, Ltd.
CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|---|---------------------------|----------------|---------------------------|----------------|---------------------------|----------------|-----------------|-----------------|----------------|----------------|
| ASSETS | | | | | | | | | | |
| Current assets..... | | \$3,822,948.31 | | \$3,945,069.26 | | \$5,415,308.39 | | \$14,549,440.55 | | \$8,833,380.87 |
| Vessels..... | \$24,784,238.65 | | \$24,784,238.65 | | \$26,356,382.59 | | \$24,816,036.47 | | \$9,880,365.71 | |
| Less reserves..... | 6,370,714.54 | | 7,697,858.23 | | 7,816,219.99 | | 6,434,010.73 | | 3,031,765.89 | |
| | | 18,413,524.11 | | 17,086,380.42 | | 18,540,162.60 | | 18,382,025.74 | | 6,854,599.82 |
| Securities of and receivables from subsidiaries..... | | 2,658,800.96 | | 2,630,954.66 | | 2,602,994.69 | | 880,714.57 | | |
| Voyages in progress..... | | 293,673.23 | | | | | | | | |
| Vessels under construction..... | | | | | 1,036,000.00 | | | | | |
| Other assets..... | | 1,539,117.68 | | 1,381,583.05 | | 1,987,515.50 | | 4,703,516.20 | | 17,844,328.43 |
| Total assets..... | | 26,728,064.29 | | 25,043,987.39 | | 29,581,981.18 | | 38,515,697.06 | | 33,532,309.12 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities..... | 3,875,100.91 | | 3,508,077.97 | | 4,610,402.36 | | 6,192,395.12 | | 6,205,653.26 | |
| Voyages in progress..... | | | 608,319.51 | | 784,399.30 | | 744,264.29 | | | |
| Recapture of profits, U. S. Maritime Commission..... | | | | | 1,321,696.45 | | 5,975,237.03 | | 7,525,871.54 | |
| Long-term debt..... | 13,430,790.00 | | 11,566,703.10 | | 11,107,788.65 | | 10,681,606.45 | | 5,552,992.34 | |
| Other liabilities and reserves..... | 7,630,050.83 | | 8,066,901.61 | | 6,930,017.47 | | 6,413,903.83 | | 5,077,871.62 | |
| Total liabilities and re- serves..... | | 24,935,941.74 | | 23,750,002.19 | | 24,754,304.23 | | 30,007,406.72 | | 24,362,388.76 |
| CAPITAL | | | | | | | | | | |
| Capital stock ¹ | 6,784,300.00 | | 6,784,300.00 | | 6,784,300.00 | | 6,784,300.00 | | 6,784,300.00 | |
| Earned surplus..... | ² 4,992,177.45 | | ² 5,490,314.80 | | ² 1,956,623.05 | | 1,723,990.34 | | 2,385,620.36 | |
| Total capital..... | | 1,792,122.55 | | 1,293,985.20 | | 4,827,676.95 | | 8,508,290.34 | | 9,169,920.36 |

¹ Chiefly owned by U. S. Maritime Commission.

² Deficit.

American President Lines, Ltd.—Continued

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|---|--------------------------|--------------|--------------------------|--------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| Gross profit on shipping operations..... | | \$729,962.53 | | \$880,928.36 | | \$4,761,725.26 | | \$8,807,922.98 | | \$5,053,658.70 |
| Operating differential subsidy..... | | 832,644.52 | | 2,542,047.45 | | 3,203,200.57 | | 2,733,643.77 | | 30,135.04 |
| Total..... | | 102,682.29 | | 3,422,975.81 | | 7,964,925.83 | | 11,541,566.75 | | 5,083,793.74 |
| Officers' salaries..... | \$41,847.53 | | \$138,726.55 | | \$138,459.02 | | \$151,065.58 | | \$161,929.23 | |
| Depreciation of vessels..... | 889,571.84 | | 1,039,616.02 | | 916,082.11 | | 1,336,294.05 | | 876,146.40 | |
| Other costs and expenses..... | 2,018,112.90 | | 2,165,803.88 | | 1,855,036.62 | | 1,836,544.75 | | 1,724,889.59 | |
| Total..... | | 2,949,532.27 | | 3,344,146.45 | | 2,920,477.75 | | 3,323,904.98 | | 2,762,965.52 |
| Net profit before taxes..... | | 2,846,849.98 | | 78,829.36 | | 5,044,448.08 | | 8,217,661.77 | | 2,320,828.22 |
| Provision for Federal income taxes..... | | 0 | | 0 | | 0 | | 0 | | 12,350.32 |
| Net profit after taxes..... | | 2,846,849.98 | | 78,829.36 | | 5,044,448.08 | | 8,217,661.77 | | 2,308,477.90 |
| Set aside for recapture by U. S. Maritime Commission..... | | | | | | 1,321,696.45 | | 4,653,540.58 | | 2,872,330.96 |

¹ Loss.

Calmar Steamship Corporation

CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | | | | | | |
| Current assets | | \$2,553,349.00 | | \$3,710,349.00 | | \$5,162,445.00 | | \$7,684,557.00 | | \$4,967,585.00 |
| Vessels | \$2,312,815.00 | | \$2,312,815.00 | | \$2,312,815.00 | | \$2,312,815.00 | | \$1,420,579.00 | |
| Less reserves | 595,889.00 | | 1,265,225.00 | | 1,425,226.00 | | 1,200,067.00 | | 806,284.00 | |
| | | 1,316,926.00 | | 1,047,590.00 | | 887,589.00 | | 1,052,748.00 | | 614,295.00 |
| Voyages in progress | | | | | | | | 28,047.00 | | 129,414.00 |
| Securities of subsidiaries | | | | | | | | 10,000.00 | | 10,000.00 |
| Other assets | | | | | | | | 484,603.00 | | 4,352,114.00 |
| Total assets | | 3,870,275.00 | | 4,757,939.00 | | 6,050,034.00 | | 8,729,955.00 | | 10,073,408.00 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | 224,034.00 | | 391,187.00 | | 873,725.00 | | 3,367,355.00 | | 2,365,161.00 | |
| Voyages in progress | 168,701.00 | | 510,123.00 | | 480,859.00 | | | | | |
| Sundry operating reserves | | | | | | | 280,710.00 | | 2,403,944.00 | |
| Total liabilities and reserves | | 392,735.00 | | 901,310.00 | | 1,360,584.00 | | 3,648,065.00 | | 6,403,105.00 |
| CAPITAL | | | | | | | | | | |
| Capital stock ¹ | 3,000,000.00 | | 3,000,000.00 | | 3,000,000.00 | | 3,000,000.00 | | 3,000,000.00 | |
| Earned surplus | 477,540.00 | | 856,629.00 | | 1,689,450.00 | | 2,081,890.00 | | 670,303.00 | |
| Total capital | | 3,477,540.00 | | 3,856,629.00 | | 4,689,450.00 | | 5,081,890.00 | | 3,670,303.00 |

¹ Owned by Bethlehem Steel Corporation.² Includes 3,734,091 deferred credits.

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|---|--------------------------|--------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| Gross profit on shipping operations..... | | \$725,151.00 | | \$1,382,146.00 | | \$2,829,887.00 | | \$5,166,880.00 | | \$2,619,391.00 |
| Other income..... | | | | 16,424.00 | | 600.00 | | 2,564.00 | | 5,786.00 |
| Total..... | | 725,151.00 | | 1,398,570.00 | | 2,830,487.00 | | 5,169,444.00 | | 2,625,177.00 |
| Officers' and directors' salaries and other remuneration..... | \$10,475.00 | | \$18,440.00 | | \$32,350.00 | | \$99,967.00 | | \$75,189.00 | |
| Depreciation of vessels..... | 78,276.00 | | 117,467.00 | | 121,129.00 | | 109,940.00 | | 102,094.00 | |
| Other costs and expenses..... | 213,959.00 | | 212,785.60 | | 355,070.00 | | 590,714.00 | | 394,421.00 | |
| Total..... | | 302,710.00 | | 348,692.00 | | 508,549.00 | | 800,621.00 | | 571,704.00 |
| Net profit before taxes..... | | 422,441.00 | | 1,049,878.00 | | 2,321,938.00 | | 4,368,823.00 | | 2,053,473.00 |
| Provision for Federal income taxes..... | | 84,124.00 | | 220,789.00 | | 589,117.00 | | 2,626,383.00 | | 1,665,060.00 |
| Net profit after taxes..... | | 338,317.00 | | 829,089.00 | | 1,732,821.00 | | 1,742,440.00 | | 388,413.00 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividends declared..... | | | 15 | \$450,000.00 | 30 | \$900,000.00 | 45 | \$1,350,000.00 | 60 | \$1,800,000.00 |

Isthmian Steamship Co.

CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|-----------------|-----------------|
| ASSETS | | | | | | | | | | |
| Current assets..... | | \$10,206,647.38 | | \$13,106,546.75 | | 1,222,710.78 | | \$24,573,183.99 | | \$29,170,290.74 |
| Vessels..... | \$23,280,444.30 | | \$23,280,444.30 | | \$23,306,905.80 | | \$22,493,878.41 | | \$13,623,990.59 | |
| Less reserves..... | 14,911,485.39 | | 15,732,015.17 | | 16,553,007.97 | | 16,802,488.51 | | 10,901,827.51 | |
| | | 8,368,958.91 | | 7,548,429.13 | | 6,753,897.83 | | 5,691,389.90 | | 5,022,163.08 |
| Vessels under construction..... | | | | | | | | 2,242,069.51 | | |
| Other assets..... | | 118,659.55 | | 136,180.47 | | 179,866.75 | | 1,959,355.39 | | 8,954,966.48 |
| Total assets..... | | 18,784,265.84 | | 20,791,156.35 | | 25,156,475.36 | | 34,466,028.79 | | 41,147,420.30 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities..... | 460,086.74 | | 680,015.55 | | 2,169,083.24 | | 7,035,675.60 | | 7,228,543.11 | |
| Voyages in progress..... | 363,746.95 | | 1,519,134.74 | | 3,018,131.58 | | 5,432,573.06 | | 2,299,014.61 | |
| Sundry operating reserves..... | 1,521,748.84 | | 1,573,511.59 | | 1,671,359.59 | | 2,446,066.96 | | 4,126,605.34 | |
| Total liabilities..... | | 2,345,576.53 | | 3,772,661.88 | | 6,858,574.41 | | 14,914,315.62 | | 22,133,066.06 |
| CAPITAL | | | | | | | | | | |
| Capital stock ¹ | 10,000,000.00 | | 10,000,000.00 | | 10,000,000.00 | | 10,000,000.00 | | 10,000,000.00 | |
| Capital surplus ² | 7,715,940.02 | | 7,715,940.02 | | 7,715,940.02 | | 7,715,940.02 | | 7,715,940.02 | |
| Earned surplus..... | 1,277,250.71 | | 4,697,445.55 | | 581,960.93 | | 1,835,773.15 | | 1,298,414.22 | |
| Total capital..... | | 16,438,689.31 | | 17,018,494.47 | | 18,297,900.95 | | 19,551,713.17 | | 19,014,354.24 |

¹ Owned by United States Steel Corporation.² Premiums on capital stock issued.³ Deficit.⁴ Includes \$4,852,163.39 miscellaneous other liabilities.

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|---|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| Gross profit on shipping operations..... | | \$2,664,514.88 | | \$2,660,559.91 | | \$5,866,667.93 | | \$9,632,436.38 | | \$9,277,255.44 |
| Other income..... | | 457,293.47 | | 486,827.00 | | 521,256.33 | | 515,967.52 | | 539,474.85 |
| Total..... | | 3,121,808.35 | | 3,153,386.91 | | 6,387,924.26 | | 10,148,403.90 | | 9,816,730.29 |
| Officers' salaries..... | \$51,920.00 | | \$66,400.00 | | \$89,650.03 | | \$110,691.67 | | \$123,500.00 | |
| Amortization and depreciation of vessels..... | 1,237,645.77 | | 1,225,047.86 | | 1,229,252.10 | | 1,248,748.70 | | 1,012,053.81 | |
| Other costs and expenses..... | 617,478.84 | | 677,010.89 | | 780,422.66 | | 1,426,551.64 | | 1,794,017.57 | |
| Total..... | | 1,907,044.61 | | 1,968,458.75 | | 2,099,324.79 | | 2,785,992.01 | | 2,929,571.38 |
| Net profit before taxes..... | | 1,214,763.74 | | 1,184,928.16 | | 4,288,599.47 | | 7,362,411.89 | | 6,887,158.91 |
| Provision for Federal income taxes..... | | 135,647.95 | | 105,123.00 | | 635,096.88 | | 2,194,524.86 | | 4,272,801.15 |
| Net profit after taxes..... | | 1,079,115.79 | | 1,079,805.16 | | 3,353,502.59 | | 5,167,887.03 | | 2,614,357.76 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividends declared..... | 10 | \$1,000,000.00 | 5 | \$500,000.00 | 20 | \$2,000,000.00 | 40 | \$4,000,000.00 | 40 | \$4,000,000.00 |

Luckenbach Steamship Co., Inc.

CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|--|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|
| ASSETS | | | | | | | | | | |
| Current assets..... | | \$2,019,758.41 | | \$2,584,259.92 | | \$3,816,675.27 | | \$9,133,807.27 | | \$11,739,392.11 |
| Vessels..... | \$14,047,990.53 | | \$13,278,995.12 | | \$14,603,362.97 | | \$15,650,088.61 | | \$13,701,510.55 | |
| Less reserves..... | 12,914,829.38 | | 12,337,981.05 | | 13,253,077.59 | | 13,561,674.22 | | 12,336,316.42 | |
| Edgar F. & Lewis Luckenbach..... | | 1,133,161.15 | | 941,014.07 | | 1,350,285.38 | | 2,088,414.39 | | 1,365,194.13 |
| Securities of and receivables from subsidiaries..... | | 7,690,644.31 | | 7,755,753.12 | | 8,305,163.40 | | 8,327,694.13 | | 8,346,548.49 |
| Other assets..... | | 3,080,848.43 | | 2,852,121.24 | | 109,950.49 | | 118,767.40 | | 101,628.55 |
| | | 398,436.37 | | 399,673.68 | | 505,523.62 | | 1,019,522.70 | | 548,427.51 |
| Total assets..... | | 14,322,848.67 | | 14,532,822.03 | | 14,087,598.16 | | 20,688,205.89 | | 22,101,190.79 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities..... | 1,911,634.42 | | 1,528,525.51 | | 1,393,013.46 | | 4,461,290.77 | | 1,711,124.36 | |
| Voyages in progress..... | 509,739.19 | | 504,270.40 | | 754,532.12 | | 2,009,343.51 | | 2,919,025.29 | |
| Owing to subsidiaries..... | 1,543,594.92 | | 1,577,785.15 | | 1,459,967.03 | | 588,941.22 | | 652,652.16 | |
| Other liabilities and reserves..... | 638,061.24 | | 834,190.33 | | 585,162.07 | | 576,781.59 | | 3,916,201.75 | |
| Total liabilities..... | | 4,603,029.77 | | 4,444,771.39 | | 4,192,674.68 | | 7,636,357.09 | | 9,199,003.50 |
| CAPITAL | | | | | | | | | | |
| Capital stock ¹ | 5,228,250.00 | | 5,228,250.00 | | 5,228,250.00 | | 5,228,250.00 | | 5,228,250.00 | |
| Earned surplus..... | 4,491,568.90 | | 4,859,800.64 | | 4,666,673.48 | | 7,823,588.80 | | 7,673,937.23 | |
| Total capital..... | | 9,719,818.90 | | 10,088,050.64 | | 9,894,923.48 | | 13,051,838.80 | | 12,902,187.23 |

¹ Owned by Edgar F. Luckenbach.

Luckenbach Steamship Co., Inc.—Continued

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|--|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| Gross profit on shipping operations..... | | \$2,166,802.84 | | \$2,131,791.48 | | \$3,409,770.05 | | \$8,070,385.09 | | \$3,089,612.79 |
| Other income..... | | 162,556.09 | | 133,842.11 | | 4,397.02 | | 19,869.40 | | 104,455.93 |
| Total..... | | 2,104,246.75 | | 2,068,449.37 | | 3,414,176.07 | | 8,090,254.49 | | 2,985,156.86 |
| Officers' salaries..... | \$84,851.20 | | \$85,836.68 | | (2) | | (2) | | (2) | |
| Depreciation of vessels..... | 202,771.48 | | 192,146.08 | | \$217,291.05 | | \$308,596.63 | | \$301,228.05 | |
| Other costs and expenses..... | 1,448,580.10 | | 1,504,316.22 | | 1,590,177.66 | | 1,448,135.88 | | 816,410.36 | |
| Total..... | | 1,736,202.78 | | 1,782,298.98 | | 1,807,468.71 | | 1,756,732.51 | | 1,117,638.41 |
| Net profit before taxes..... | | 368,043.97 | | 316,150.39 | | 1,606,707.36 | | 6,333,521.98 | | 1,867,518.45 |
| Provision for Federal income taxes..... | | | | | 760,000.00 | | 2,373,770.93 | | | |
| Net profit after taxes..... | | 368,043.97 | | 316,150.39 | | 846,707.36 | | 3,959,751.05 | | 1,867,518.45 |

¹ Less.² Officers' salaries not stated.

Lykes Bros. Steamship Co., Inc.

CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|--|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|
| ASSETS | | | | | | | | | | |
| Current assets..... | | \$2,628,752.94 | | \$4,961,355.20 | | \$5,585,426.26 | | \$8,020,532.64 | | \$14,418,473.42 |
| Vessels..... | \$3,133,731.87 | | \$2,946,181.56 | | \$12,445,222.64 | | \$14,566,302.84 | | \$10,688,659.65 | |
| Less reserves..... | 901,707.55 | | 886,648.32 | | 886,499.54 | | 1,237,402.97 | | 1,259,234.02 | |
| | | 2,232,024.32 | | 1,959,533.24 | | 11,558,723.10 | | 13,328,899.87 | | 9,429,425.63 |
| Vessels under construction..... | | 38,310.11 | | 43,959.26 | | 137,716.44 | | 1,597,154.02 | | 5,248,273.90 |
| Securities of subsidiaries..... | | 173,670.02 | | 173,670.02 | | 117,177.86 | | 117,177.86 | | 217,827.86 |
| Other assets..... | | 1,215,770.43 | | 1,902,754.81 | | 8,771,933.39 | | 14,457,139.44 | | 19,778,033.11 |
| Total assets..... | | 6,288,527.82 | | 9,041,272.53 | | 26,170,977.05 | | 37,520,503.83 | | 49,092,033.92 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities..... | 919,723.01 | | 867,329.22 | | 1,657,131.88 | | 2,979,840.83 | | 2,184,892.42 | |
| Voyages in progress..... | 300,557.01 | | 1,906,396.65 | | 3,126,508.52 | | 3,835,939.69 | | 1,555,342.16 | |
| Recapture of profits, U. S. Maritime Commission..... | 21,326.86 | | 338,539.92 | | 2,389,508.64 | | 5,613,696.97 | | 5,634,020.29 | |
| Other liabilities and reserves..... | 27,071.77 | | 103,610.56 | | 2,053,594.03 | | 1,147,156.82 | | 73,330.39 | |
| Total liabilities and reserves..... | | 1,268,678.65 | | 3,215,876.35 | | 9,226,743.07 | | 13,576,631.31 | | 9,447,595.26 |
| CAPITAL | | | | | | | | | | |
| Capital stock..... | 3,500,000.00 | | 3,500,000.00 | | 3,500,000.00 | | 3,500,000.00 | | 3,500,000.00 | |
| Earned surplus..... | 1,519,849.17 | | 2,325,396.18 | | 13,444,233.98 | | 20,444,272.52 | | 30,144,438.66 | |
| Total capital..... | | 5,019,849.17 | | 5,825,396.18 | | 16,944,233.98 | | 23,944,272.52 | | 39,644,438.66 |

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|--|--------------------------|--------------|--------------------------|----------------|--------------------------|----------------|--------------------------|-----------------|--------------------------|-----------------|
| Gross profit from shipping operations..... | | \$221,040.92 | | \$1,078,082.04 | | \$7,331,192.66 | | \$13,257,206.43 | | \$11,670,603.27 |
| Operating differential subsidy..... | | 1,687,527.60 | | 1,340,851.62 | | 1,193,741.53 | | 1,451,684.91 | | 23,392.80 |
| Other income..... | | 59,562.47 | | 49,817.82 | | | | | | 24,342.62 |
| Total..... | | 1,968,130.99 | | 2,468,751.48 | | 8,524,934.19 | | 14,708,891.34 | | 11,718,338.69 |
| Officers' and directors' salaries..... | \$96,700.00 | | \$96,450.16 | | \$108,366.38 | | \$98,687.50 | | \$96,900.68 | |
| Depreciation of vessels..... | 237,131.38 | | 126,913.71 | | 195,743.94 | | 549,753.06 | | 602,787.08 | |
| Other costs and expenses..... | 1,148,628.58 | | 1,000,106.18 | | 1,203,641.84 | | 1,735,493.41 | | 1,618,232.78 | |
| Total..... | | 1,482,459.96 | | 1,223,470.05 | | 1,507,752.16 | | 2,383,933.97 | | 2,317,920.54 |
| Net profit before taxes..... | | 485,671.03 | | 1,245,281.43 | | 7,017,182.03 | | 12,324,957.37 | | 9,400,417.85 |
| Provision for Federal income taxes..... | | | | | 207,315.60 | | 300,170.78 | | | 482,778.28 |
| Net profit after taxes..... | | 485,671.03 | | 1,245,281.43 | | 6,809,866.43 | | 12,024,786.59 | | 8,917,639.57 |
| Profits recapturable by U. S. Maritime Commission..... | | 21,326.86 | | 317,213.06 | | 2,050,968.72 | | 3,224,185.33 | | 20,336.32 |
| Dividends declared..... | | | 5 | \$175,000.00 | 23.7 | \$839,000.00 | 47.1 | \$1,680,000.00 | 25 | \$875,000.00 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |

Matson Navigation Co.
CONDENSED BALANCE SHEETS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|--|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|
| ASSETS | | | | | | | | | | |
| Current assets..... | | \$14,753,326.36 | | \$16,275,294.87 | | \$20,216,996.89 | | \$22,978,960.82 | | \$34,098,502.17 |
| Vessels..... | \$32,923,701.71 | | \$33,032,718.29 | | \$31,289,555.37 | | \$31,825,325.92 | | \$29,565,160.24 | |
| Less reserves..... | 20,438,764.16 | | 20,410,692.01 | | 19,797,974.08 | | 17,054,199.07 | | 16,744,636.47 | |
| | | 12,484,937.55 | | 12,622,026.28 | | 11,491,581.29 | | 14,771,126.85 | | 12,820,523.77 |
| | | 60,589.96 | | 292,775.22 | | 305,266.77 | | | | |
| Voyages in progress..... | | | | | | | | | | |
| Securities of and receivables from subsidiaries..... | | 7,273,082.65 | | 6,972,582.65 | | 6,750,677.65 | | 5,079,258.89 | | 5,079,258.89 |
| Construction reserve fund..... | | | | | | | | 6,338,784.46 | | 6,343,176.36 |
| Vessels under construction..... | | | | | | 2,983,964.40 | | | | |
| Other assets..... | | 8,144,977.98 | | 8,564,468.82 | | 8,359,493.26 | | 10,495,829.73 | | 11,338,043.45 |
| Total assets..... | | 42,716,914.70 | | 44,727,147.84 | | 50,107,980.26 | | 59,663,960.75 | | 69,679,504.64 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities..... | 2,023,897.38 | | 1,923,306.52 | | 3,647,600.08 | | 7,389,861.38 | | 12,584,299.03 | |
| Voyages in progress..... | | | | | | | 615,807.81 | | 638,957.54 | |
| Other liabilities and reserves..... | 2,824,958.81 | | 3,155,293.49 | | 3,161,513.72 | | 5,870,527.82 | | 6,888,020.66 | |
| Total liabilities..... | | 4,848,856.19 | | 5,078,600.01 | | 6,809,113.80 | | 13,876,197.01 | | 20,111,378.13 |
| CAPITAL | | | | | | | | | | |
| Capital stock..... | 33,204,053.24 | | 33,204,053.24 | | 33,204,040.00 | | 33,204,040.00 | | 33,204,040.00 | |
| Capital surplus..... | 945,295.42 | | 957,920.42 | | 970,288.76 | | 970,288.76 | | 970,288.76 | |
| Earned surplus..... | 3,718,769.55 | | 5,486,574.07 | | 9,124,537.70 | | 11,613,434.98 | | 15,303,797.75 | |
| Total capital..... | | 37,868,058.31 | | 39,648,547.83 | | 43,298,866.46 | | 45,787,763.74 | | 49,568,126.51 |

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|--|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|--------------------------|-----------------|--------------------------|-----------------|
| Gross profit on shipping operations..... | | \$5,836,782.24 | | \$6,055,037.86 | | \$8,252,698.35 | | \$11,040,079.39 | | \$10,083,585.98 |
| Other income..... | | 330,533.01 | | 360,690.39 | | 2,543,159.22 | | 1,868,671.37 | | 5,378,951.29 |
| Total..... | | 6,167,315.25 | | 6,415,728.25 | | 10,895,857.57 | | 12,908,750.76 | | 15,462,537.27 |
| Officers' and directors' salaries..... | \$130,291.00 | | \$131,005.87 | | \$125,593.59 | | \$145,541.35 | | \$120,992.00 | |
| Depreciation of vessels..... | 2,105,899.20 | | 1,636,806.11 | | 1,463,537.13 | | 1,650,278.66 | | 1,585,024.55 | |
| Other costs and expenses..... | 1,210,050.25 | | 1,713,209.58 | | 2,132,964.10 | | 2,174,013.01 | | 1,810,370.33 | |
| Total..... | | 3,447,240.45 | | 3,481,021.56 | | 3,722,094.82 | | 3,969,833.02 | | 3,516,386.88 |
| Net profit before taxes..... | | 2,720,074.80 | | 2,934,706.69 | | 7,173,762.75 | | 8,938,917.74 | | 11,946,150.39 |
| Provision for Federal income taxes..... | | 574,054.26 | | 619,056.57 | | 1,800,919.32 | | 4,185,629.88 | | 6,062,590.54 |
| Net profit after taxes..... | | 2,146,020.54 | | 2,315,650.12 | | 5,372,843.43 | | 4,753,287.86 | | 5,883,559.85 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividends declared..... | 5 | \$1,659,950.25 | 6½ | \$2,157,389.05 | 6 | \$1,986,423.90 | 7½ | \$2,476,920.60 | 7½ | \$2,469,848.10 |

Shepard Steamship Co.
CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Nov. 30, 1941 | | Nov. 30, 1942 | |
|----------------------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|----------------|---------------|----------------|
| ASSETS | | | | | | | | | | |
| Current assets | | \$81,255.75 | | \$117,964.78 | | \$1,379,825.31 | | \$1,834,247.45 | | \$1,392,274.09 |
| Vessels | \$1,112,415.13 | | \$1,120,193.75 | | \$431,870.01 | | \$219,780.96 | | | |
| Less reserves | 437,216.30 | | 503,588.34 | | 176,990.48 | | 60,971.18 | | | |
| | | 675,198.83 | | 616,605.41 | | 254,879.53 | | 158,809.78 | | 90,000.00 |
| Securities of subsidiaries | | | | | | | | 40,000.00 | | |
| Other assets | | 42,218.81 | | 36,145.58 | | 82,550.03 | | 74,001.17 | | 757,720.00 |
| Total assets | | 798,673.39 | | 770,715.77 | | 1,717,254.87 | | 2,107,068.40 | | 2,239,994.09 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | 57,364.26 | | 26,947.99 | | 38,367.55 | | 104,608.23 | | \$18,010.58 | |
| Voyages in progress | 25,173.97 | | 121,808.59 | | 107,822.18 | | 71,246.47 | | | |
| Owing to subsidiaries | 849,223.30 | | 726,635.46 | | 550,000.00 | | 550,000.00 | | 615,000.00 | |
| Total liabilities | | 931,761.53 | | 875,392.04 | | 696,189.73 | | 725,854.70 | | 633,010.58 |
| CAPITAL | | | | | | | | | | |
| Capital stock ¹ | 200,000.00 | | 200,000.00 | | 200,000.00 | | 200,000.00 | | 200,000.00 | |
| Appreciation surplus | 90,851.45 | | 82,123.47 | | | | | | | |
| Earned surplus | \$ 423,939.59 | | \$ 386,799.74 | | 821,065.14 | | 1,181,203.70 | | 1,406,983.51 | |
| Total capital | | \$ 133,088.14 | | \$ 104,676.27 | | 1,021,065.14 | | 1,381,203.70 | | 1,606,983.51 |

¹ Owned by Shepard Morse Lumber Co.² Deficit.

Shepard Steamship Co.—Continued

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Nov. 30, 1941 | | Year ended Nov. 30, 1942 | |
|--|--------------------------|------------------------|--------------------------|------------------------|--------------------------|--------------|--------------------------|--------------|--------------------------|------------------------|
| Gross profit on shipping operations..... | | \$209,185.31 | | \$281,877.17 | | \$440,376.38 | | \$823,794.45 | | \$238,556.57 |
| Other income..... | | ¹ 14,502.41 | | ¹ 25,739.33 | | 919,187.94 | | 17,753.30 | | ¹ 10,133.88 |
| Total..... | | 194,682.90 | | 256,137.84 | | 1,359,564.32 | | 841,547.75 | | 22,422.69 |
| Officers' salaries..... | (?) | | \$20,000.00 | | \$20,000.00 | | \$38,191.63 | | \$42,676.07 | |
| Depreciation of vessels..... | \$56,809.32 | | 57,644.06 | | 32,604.42 | | 19,205.40 | | 7,696.68 | |
| Other costs and expenses..... | 108,983.50 | | 135,864.81 | | 123,565.35 | | 94,622.79 | | 42,800.33 | |
| Total..... | | 165,792.82 | | 213,508.87 | | 182,169.77 | | 152,019.82 | | 93,173.08 |
| Net profit before taxes..... | | 28,890.08 | | 42,628.97 | | 1,177,394.55 | | 689,527.93 | | 135,249.61 |
| Provision for Federal income taxes..... | | 0 | | 8,082.07 | | 492,886.24 | | 0 | | |
| Net profit after taxes..... | | 28,890.08 | | 34,546.90 | | 684,508.31 | | 689,527.93 | | 135,249.61 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividend declared..... | | | | | | | 56 | \$112,919.75 | 22 | \$44,008.81 |

¹ Loss.² Not shown.

Waterman Steamship Corporation

CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| ASSETS | | | | | | | | | | |
| Current assets..... | | \$1,001,747.19 | | \$1,195,189.53 | | \$2,188,966.80 | | \$7,645,842.26 | | \$10,585,648.66 |
| Vessels..... | \$3,393,447.37 | | \$3,986,795.14 | | \$5,121,961.90 | | \$4,707,837.72 | | \$12,054,738.91 | |
| Less reserves..... | 1,588,685.66 | | 1,939,728.87 | | 2,503,702.19 | | 2,931,641.57 | | 2,121,902.88 | |
| | | 1,804,761.71 | | 2,047,066.27 | | 2,618,259.71 | | 1,776,196.15 | | 9,932,776.03 |
| Vessels under construction..... | | | | | | | | 3,112,797.27 | | |
| Securities of and receivables from subsidiaries..... | | 409,114.16 | | 290,111.66 | | 2,241,993.24 | | 5,204,368.08 | | 6,547,040.61 |
| Other assets..... | | 170,829.97 | | 290,163.98 | | 2,088,862.25 | | 687,306.85 | | 2,918,037.92 |
| Total assets..... | | 3,386,453.03 | | 3,822,531.44 | | 9,138,082.00 | | 18,426,510.61 | | 29,983,503.22 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities..... | 500,016.77 | | 289,476.10 | | 2,993,360.99 | | 3,918,911.62 | | 7,579,073.00 | |
| Voyages in progress..... | 375,293.77 | | 990,513.73 | | 798,235.98 | | 5,002,690.04 | | | |
| Other liabilities and reserves..... | 419,101.42 | | 592,361.71 | | 762,933.93 | | 543,177.83 | | 6,963,285.52 | |
| Total liabilities..... | | 1,294,411.96 | | 1,872,351.54 | | 4,554,530.90 | | 9,464,779.49 | | 14,542,358.52 |
| CAPITAL | | | | | | | | | | |
| Capital stock..... | 1,102,500.00 | | 1,112,700.00 | | 1,516,600.00 | | 1,516,600.00 | | 1,516,600.00 | |
| Capital surplus..... | 37,620.00 | | 37,620.00 | | 53,086.50 | | 53,086.50 | | 53,086.50 | |
| Earned surplus..... | 951,621.07 | | 799,859.90 | | 3,013,864.60 | | 7,392,044.62 | | 13,871,458.20 | |
| Total capital..... | | 2,092,041.07 | | 1,950,179.90 | | 4,583,551.10 | | 8,961,731.12 | | 15,441,144.70 |

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|---|--------------------------|--------------|--------------------------|------------------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| Gross profit from shipping operations..... | | \$797,325.40 | | \$542,787.62 | | \$4,782,520.29 | | \$9,210,834.34 | | \$9,210,187.41 |
| Other income..... | | | | 46,000.45 | | | | | | |
| Total..... | | 797,325.40 | | 588,788.07 | | 4,782,520.29 | | 9,210,834.34 | | 9,210,187.41 |
| Officers' and directors' salaries and other remuneration..... | \$103,700.64 | | \$135,658.50 | | \$176,220.41 | | \$430,184.94 | | \$349,892.05 | |
| Depreciation of vessels..... | 362,661.25 | | 300,037.55 | | 515,139.89 | | 588,030.30 | | 919,900.23 | |
| Other costs and expenses..... | 323,160.18 | | 210,561.76 | | 488,191.01 | | 708,908.40 | | 1,019,460.53 | |
| Total..... | | 789,522.07 | | 646,247.81 | | 1,179,550.31 | | 1,727,123.64 | | 2,280,252.81 |
| Net profit before taxes..... | | 7,803.33 | | ¹ 57,459.74 | | 3,602,969.98 | | 7,483,710.70 | | 6,920,934.60 |
| Provision for Federal income taxes..... | | | | 1,572.93 | | 942,021.24 | | 4,212,978.76 | | 6,159,029.42 |
| Net profit after taxes..... | | 7,803.33 | | ¹ 59,032.67 | | 2,660,948.74 | | 3,270,731.94 | | 761,905.18 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividends declared, preferred..... | 7 | \$23,024.50 | 7 | \$43,263.50 | 894 | \$60,710.13 | 7 | \$69,786.50 | 7 | \$69,786.49 |
| Dividends declared, common..... | 25 | 129,585.00 | 10 | 49,465.00 | 59 | 309,790.00 | 120 | 623,580.00 | ² 16.8 | 873,012.00 |

¹ Loss.² On May 21, 1941, 10 shares of stock were issued for 1 share of old issue.

Weyerhaeuser Steamship Co.
CONDENSED BALANCE SHEETS

| | Dec. 31, 1938 | | Dec. 31, 1939 | | Dec. 31, 1940 | | Dec. 31, 1941 | | Dec. 31, 1942 | |
|----------------------------|------------------------|--------------|------------------------|--------------|----------------|--------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | | | | | | |
| Current assets | | \$282,288.48 | | \$509,219.20 | | \$580,812.24 | | \$1,364,141.99 | | \$2,061,268.36 |
| Vessels | \$1,739,540.03 | | \$1,750,799.54 | | \$2,560,795.81 | | \$2,606,626.01 | | \$1,866,616.21 | |
| Less reserves | 882,055.94 | | 975,709.51 | | 1,063,062.96 | | 1,201,677.75 | | 1,039,817.66 | |
| | | 857,484.09 | | 775,693.03 | | 1,407,732.85 | | 1,404,948.26 | | 826,798.55 |
| Voyages in progress | | 220,119.63 | | 25,262.12 | | 110,318.23 | | | | |
| Other assets | | 112,758.49 | | 175,020.37 | | 123,881.69 | | 684,540.67 | | 1,280,373.26 |
| Total assets | | 1,472,650.69 | | 1,484,595.72 | | 2,312,745.01 | | 3,433,630.92 | | 4,168,440.17 |
| LIABILITIES | | | | | | | | | | |
| Current liabilities | 238,056.51 | | 242,154.76 | | 621,161.97 | | 758,363.38 | | 1,787,439.01 | |
| Voyages in progress | | | | | | | 1,085,353.24 | | 575,484.55 | |
| Total liabilities | | 238,056.51 | | 242,154.76 | | 621,161.97 | | 1,843,716.62 | | 2,362,923.56 |
| CAPITAL | | | | | | | | | | |
| Capital stock ¹ | 800,000.00 | | 800,000.00 | | 800,000.00 | | 800,000.00 | | 800,000.00 | |
| Capital surplus | 478,635.74 | | 478,635.74 | | 478,635.74 | | 478,635.74 | | 478,635.74 | |
| Earned surplus | ² 44,041.56 | | ² 36,195.78 | | 412,947.30 | | 311,278.56 | | 526,880.87 | |
| Total capital | | 1,234,594.18 | | 1,242,439.96 | | 1,691,583.04 | | 1,580,914.30 | | 1,805,516.61 |

¹ Owned by Weyerhaeuser Timber Co.
² Deficit.

CONDENSED INCOME STATEMENTS

| | Year ended Dec. 31, 1938 | | Year ended Dec. 31, 1939 | | Year ended Dec. 31, 1940 | | Year ended Dec. 31, 1941 | | Year ended Dec. 31, 1942 | |
|--|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|--------------------------|----------------|--------------------------|----------------|
| Gross profit on shipping operations..... | | \$202,174.47 | | \$377,997.13 | | \$756,269.30 | | \$1,170,398.88 | | \$2,097,445.79 |
| Other income..... | | 3,302.25 | | 1,746.07 | | 2,172.94 | | | | 3,977.22 |
| Total..... | | 205,476.72 | | 379,743.20 | | 758,442.24 | | 1,170,398.88 | | 2,101,423.01 |
| Officers' and directors' salaries..... | \$12,787.50 | | \$13,450.00 | | \$15,725.00 | | \$18,495.84 | | \$19,058.16 | |
| Depreciation of vessels..... | 98,732.17 | | 91,565.61 | | 104,810.28 | | 164,348.77 | | 138,459.28 | |
| Other costs and expenses..... | 68,114.74 | | 66,297.79 | | 79,837.24 | | 106,709.35 | | 79,250.44 | |
| Total..... | | 179,634.41 | | 171,313.40 | | 200,372.52 | | 289,553.96 | | 236,767.88 |
| Net profit before taxes..... | | 25,842.31 | | 208,429.80 | | 558,069.72 | | 880,844.92 | | 1,864,655.13 |
| Provision for Federal income taxes..... | | 5,007.12 | | 34,535.02 | | 133,936.73 | | 527,554.60 | | 1,352,136.19 |
| Net profit after taxes..... | | 20,835.19 | | 173,894.78 | | 424,132.99 | | 353,290.32 | | 512,518.94 |
| | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount |
| Dividends declared..... | | | 20 | \$165,000.00 | | | 44 | \$350,000.00 | 37.5 | \$300,000.00 |

Mr. AIKEN. Mr. President, starting off with the very first one, American Export Lines, it will be found that this company between 1938 and 1943 increased its assets from \$9,000,000 to over \$43,000,000, that it increased its capital from \$4,000,000 to \$31,000,000, and that while it paid no dividends on preferred stock in 1938 and 1939, it has paid 5 percent for the years 1940, 1941, and 1942.

Here is the most amazing thing of all. This company paid 55 percent dividends on its common stock in 1938, 96 percent in 1939, 100 percent in 1940, 150 percent in 1941, and 200 percent for the year ending December 31, 1942.

If ability to increase its assets 450 percent during these years, and to pay 200 percent dividends on common stock, indicates need of greater profits, then I wonder what these people would be satisfied with.

The American-Hawaiian Steamship Co., for instance, declared a 10-percent dividend in 1938, which was increased to 50 percent in 1941, the year of the Red Sea charter profits, and the company paid 30 percent in 1942.

The American President Lines, of course, is owned practically by the Maritime Commission.

The Calmar Steamship Corporation paid no dividends in 1938, paid 15 percent in 1939, and increased the rate to 60 percent in 1942.

The Isthmian Steamship Co. paid 10 percent in 1938, and increased its dividends to 30 percent in both 1941 and 1942.

And so on, until we get to the Waterman Steamship Corporation, of which we have information, and which paid 25 percent in 1938, and got up to 120 percent in 1941. Then on May 21, 1941, 10 shares of stock were issued for 1 share of the old issue, and it still paid 16.8 percent.

As I have said, only two of these companies, the Weyerhaeuser Steamship Co., and the American President Lines, which latter is controlled by the Maritime Commission itself, have submitted to renegotiation.

I ask leave to insert in the Record a memorandum dated April 28 from Oscar S. Cox, whom I presume to be counsel for the Lend-Lease Administration, to Mr. E. R. Stettinius, Jr.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

OFFICE OF LEND-LEASE ADMINISTRATION,
April 28, 1943.

To: Mr. E. R. Stettinius, Jr.
From: Oscar S. Cox.
Subject: Renegotiation of Red Sea voyage charters.

Beginning in May of 1941, American vessels were used to carry cargo to the Red Sea area for the British Ministry of War Transport. The ships were secured for these voyages by the United States Maritime Commission. Rates and terms were set by negotiation between the owners and the Commission. The charter hire was paid directly to the owners out of defense-aid funds allocated to the Maritime Commission for that purpose.

The rates on these Red Sea voyages were on a space-charter basis until December 1, 1941, when they were placed on a time-charter basis at the standard rates which had been set by the Maritime Commission on July 30, 1941. While operating under the space charters, the owners are alleged to have received excessive profits. It is my opinion that these charter contracts can now and should be renegotiated under the provisions of the act of April 28, 1942, as amended by the act of October 21, 1942.

Section 403 (c) (1) of the act of April 28, 1942, provides:

"Whenever, in the opinion of the secretary of a department, the profits realized or likely to be realized from any contract with such department, or from any subcontract thereunder, whether or not made by the contractor,

may be excessive, the secretary is authorized and directed to require the contractor or subcontractor to renegotiate the contract price."

The charters for the Red Sea voyages, although in form between the British Ministry of War Transport and the shipowners, were in every substantial respect between the Maritime Commission and the owners. The British had made a request to the American Government that shipping be made available to them as a service under the Lend-Lease Act. At the request of the Division of Defense Aid Reports, the Maritime Commission undertook to provide this service. The Commission secured the ships; it negotiated the charter terms and the rates; it made subsequent reductions in these rates; all bills were sent by the shippers to the Commission and were paid directly to the shippers out of lend-lease funds which had been allocated to the Commission; all moneys payable by the owners were received directly by the Commission. The British Ministry had the use of the ships, but they cannot be said in reality to have chartered the ships. Their name appeared on the charter only in order to give them the necessary power to designate cargo, destination, etc. The Maritime Commission was in reality the charterer, since it concluded the bargains with the owners and was responsible for making all payments to them.

It was the clear intent of Congress, through the renegotiation statute, to protect all war contracts made by the Federal Government. The words "any contract with such Department, or . . . any subcontract thereunder whether or not made by the contractor" are clearly intended to include all contracts of such a character that excessive profits made thereunder would result in unnecessary expenditure by the Federal Government. The Red Sea charters are clearly contracts of this character.

Renegotiation of the Red Sea charter contracts is not precluded because the charters were entered into before the passage of the renegotiation statute or because the majority of the voyages had been completed before that date. The renegotiation provisions are "applicable to all contracts and subcontracts hereafter made and to all contracts and subcontracts heretofore made, whether or not such contracts or subcontracts contain a renegotiation or recapture clause" (sec. 403 (c) (6)).

The sole limitation on this retroactive character of the act is not applicable to the Red Sea charters. This provision states that the act is not applicable if "final payment pursuant to such contract or subcontract was made prior to April 28, 1942" (sec. 403 (c) (6) (i)). Although the hire for the Red Sea voyages was paid in probably every case before April 28, 1942, there were other payments for demurrage, and so forth, due to the owners on that date in probably all cases. Even at the present time payments have been made in full for only 15 of the 90 voyages. It is probable that even in these 15 cases some payments were still outstanding on April 28, 1942. The payment of the charter hire, which was usually made soon after the ship sailed, cannot be said to be the "final payment." The total amount due the owner could not be calculated finally until all the various contingencies of the voyage which could raise or lower the charter hire had been determined and until all the various charges arising out of the voyage, such as demurrage, had been calculated. Only then could a true "final payment" be made.

A further limitation on the power to renegotiate is the provision that "no renegotiation of the contract price shall be commenced by the Secretary more than 1 year after the close of the fiscal year of the contractor or subcontractor within which completion or termination of the contract or subcontract, as determined by the Secretary, occurs." This section is not applicable, under

any possible interpretation, to the approximately 50 percent of the voyages which terminated in 1942.

Since the fiscal year of most shipping companies is the calendar year, it may be argued by the owners that no renegotiation can be started now for those voyages which terminated in 1941. In my opinion, the termination for a charter contract is not coincident with the termination of the voyage which is provided for in the charter unless a final financial settlement is reached at the same time. As I have pointed out, even now only 15 percent of the charters have been paid in full. It is very unlikely that any of them was paid in full during 1941.

In the case of the Red Sea voyages, considerable time elapsed after the voyage was terminated before a full accounting could be made. Payment was withheld in order that complete financial statements for each voyage might be prepared by the owners and examined by the Commission. It was necessary to wait until such examinations took place before it could be determined whether payment should be made in full or some form of renegotiation of the contracts should be started. The contracts cannot be said to be completed or terminated until such a financial examination has been made and payment made in full.

Under the provision in question the time of completion or termination of contract is to be determined by the Chairman of the Commission. This provision gives him the clear power to determine that contracts are not completed until full payment is made.

In any event, the section in question applies only to renegotiation of the contract price; it does not concern withholding of payments which would result in excessive profits or the recapture of such profits. The renegotiation statute throughout indicates that renegotiation may take the form of a revision of the contract price or of withholding or recovering excessive profits. See sections 403 (b) (1) and (2), 403 (c) (2), and 403 (d). Even if it be held, therefore, that the provision in question precludes a retroactive lowering of the charter rates, it does not preclude the withholding or recapture of profits which were excessive.

Section 403 (c) (5) provides that a contractor may file "statements of actual cost of production and such other financial statements for any prior fiscal year or years of such contractor or subcontractor, in such form and detail, as the Secretaries [the Chairman] shall prescribe by joint regulation." If notice of renegotiation is not given within 1 year of such filing, the contractor may not "thereafter be required to renegotiate to eliminate excessive profits realized from any such contract or subcontract during such fiscal year or years." It does not appear that any such statements were filed more than 1 year ago. The financial statements for the individual voyages to the Red Sea which were requested by the Maritime Commission were filed during the summer of 1942. It is unlikely that any were filed as early as April 1.

Each of the shippers did file before April 15, 1942, the operating statement for 1941 required by the Commission under section 21 of the Shipping Act of 1916. Such statements have been filed for many years. They do not give sufficient detail for the Commission to determine whether or not profits on individual voyages were excessive. They cannot, therefore, be considered as statements for the purposes of section 403 (c) (5).

Each of the charter hires was for a sum in excess of \$100,000. There can thus be no claim of exemption under section 403 (c) (6) (iii).

It is, therefore, my view that the Red Sea charters may still be renegotiated by the Chairman of the Maritime Commission.

Mr. AIKEN. Mr. President, Mr. Cox holds that the Red Sea voyage charters

can be renegotiated. The last sentence of this memorandum reads as follows:

It is, therefore, my view that the Red Sea charters may still be renegotiated by the Chairman of the Maritime Commission.

I ask leave also to insert in the RECORD a memorandum from Wade H. Skinner, general counsel, United States Maritime Commission, to the United States Maritime Commission, under date of September 6, 1943.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

SEPTEMBER 6, 1943.

To: United States Maritime Commission.

From: General counsel.

Subject: Renegotiation of Red Sea charters.

Only 2 of the 19 operators who participated in the Red Sea venture for the British Ministry of War Transport in 1941 and 1942 have responded to the Chairman's request to make voluntary adjustment of the charter rates paid by the Maritime Commission out of lend-lease funds. Efforts to obtain voluntary adjustments from the remaining 17 operators have been unavailing. It is, therefore, recommended that demand for renegotiation of the charters be made upon 16 of these operators, in accordance with the provisions of the renegotiation law (Public Law 528, 77th Cong., as amended).

One of the operators, the Norwegian Shipping and Trade Mission, is exempt from the act, which does not apply to any contract with "any foreign government or any agency thereof."

Attached is a copy of a memorandum prepared by Mr. Oscar Cox, general counsel of the Lend-Lease Administration (likewise Assistant Solicitor General of the United States) and forwarded to the Chairman of the Commission by the Lend-Lease Administrator. This memorandum holds that the Red Sea charters are subject to the renegotiation statute. The memorandum will, it is believed, fortify the Commission's position if it becomes necessary to refer the matter to the Attorney General for suit.

The statute directs the Chairman, whenever in his opinion the profits realized from any contract with the Commission are excessive, to require the contractor to renegotiate the contract price, and upon such renegotiation to eliminate the excessive profits either by reduction, withholding, repayment, or recovery. The Chairman may bring suit to recover from the contractor any amount of excessive profits actually paid to the contractor.

The memorandum prepared by Mr. Cox discusses the points which may be raised by the contractors against the application of the renegotiation law to the charters in question. Examination of the accounts discloses that one, and possibly two, of the charters may have been closed by final payment within the meaning of the statute.

Attached is a list of the 19 operators who participated in the Red Sea venture, showing the vessels employed, the charter hire paid, the voyage profits, per vessel and by operator, and the amount withheld from final settlement.

It is accordingly recommended:

That the Commission refer the contracts listed in the attachment (excepting the contracts with (a) the Norwegian Shipping and Trade Mission; (b) American President Lines, Ltd.; and (c) Weyerhaeuser Steamship Co.) to the Price Adjustment Board for processing in the usual manner, including report to the Commission of any operator who shall fail to respond, for appropriate citation by the Commission to the Attorney General for recovery by suit from any such contractor.

WADE H. SKINNER,
General Counsel.

Mr. AIKEN. Mr. President, I wish to quote from this memorandum, as follows:

It is accordingly recommended:

That the Commission refer the contracts listed in the attachment (excepting the contracts with (a) the Norwegian Shipping and Trade Mission, (b) American President Lines, Ltd., and (c) Weyerhaeuser Steamship Co.) to the Price Adjustment Board for processing in the usual manner, including report to the Commission of any operator who shall fail to respond, for appropriate citation by the Commission to the Attorney General for recovery by suit from any such contractor.

Yet, Mr. President, in spite of the advice of the attorney for the Lend-Lease Administration and the attorney for the Maritime Commission, these contracts have not been renegotiated, and I have heard of no cases being referred to the Attorney General for recovery by suit up to this time.

An investigation would also reveal that unconscionable profits have been made through the payment by the Commission for almost worthless vessels at 13 to 16 times their legal valuation.

Investigation would further reveal that ships have been sunk at sea which were insured for as high as 64 times their legal valuation as determined by the Maritime Commission itself.

The excuse may be offered that this is wartime, and that we have to put up with such things in wartime; indeed, that excuse has been offered to me by those holding responsible positions in the Maritime Commission itself, but the facts are that mismanagement and wastefulness existed in the Maritime Commission long before the war began.

We need good government always, but we need it more than ever in wartime. Congress may be blind to what is going on in some of our departments, but the people are not. Is it any wonder that millions of them are asking, "What is the matter with the Congress?"

POLITICAL PROPAGANDA DISTRIBUTED TO AMERICAN TROOPS IN GREAT BRITAIN AND PROPAGANDA UNDER O. P. A.

Mr. BYRD. Mr. President, some time ago I read into the RECORD a letter I wrote on February 22 to the Honorable Elmer Davis, of the Office of War Information, with respect to the distribution by the British Ministry of Information of a 4-page tabloid newspaper to all American troops, which contained, without crediting to any source, the following:

Roosevelt's opponents are ready to spend \$50,000,000 to beat him if—as they assume—he makes a fourth-term bid for President at the November elections.

The Ministry of Information declined to permit an American press reporter to examine a copy of the issue which contained the story.

In response to my inquiry, Mr. Davis advised me that the British Ministry of Information has had a large quantity of 4-page leaflets prepared and that it was true that this story was contained in the leaflets that were distributed to American troops.

Upon further inquiry from me as to where this story originated, I was informed by Mr. Davis that it originated

with the British United Press. I then communicated with the British United Press and have received a letter from Mr. R. W. Keyserlingk, managing director of the British United Press at Montreal, to the effect that this article was sent by one of the staff writers of the British United Press at New York, and that the fifty-million-dollar estimate was his own; that he had no information to sustain this statement, which was purely conjectural on the part of this correspondent.

I am not disputing the right of a news agency to send out news dispatches, but I desire again to emphasize that the British Government should not, by direction or indirection, or in any way whatsoever, attempt to influence an election in the United States by the distribution to American troops of any information through an official document which would tend to influence the opinion of these troops in an American election.

In this instance it is now admitted that the story was without foundation, and the insertion of it in an official British publication to be distributed to our troops can be regarded in no other way than as purely political propaganda.

I speak as a friend of the British Government, but I say that nothing will do more to destroy the unity between our two countries than occurrences such as this. The American people will bitterly resent any outside interference in our elections here, and any effort along this line by the officials of the British Government will do incalculable harm to the cordial relations that must exist between our two great nations if we are to solve the war problems confronting us.

I am inserting this in the CONGRESSIONAL RECORD because I think the representatives of Great Britain in America should inform those who control these leaflets which are being distributed to American troops that they can do no greater disservice to their country than to insert political propaganda in these publications which are given to American troops while they are on British soil.

I ask unanimous consent, Mr. President, to insert as a part of my remarks the entire correspondence, both with the Director of War Information and the British United Press.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

FEBRUARY 22, 1944.

HON. ELMER DAVIS,
The Office of War Information,
Washington, D. C.

MY DEAR MR. DAVIS: I have just seen the Associated Press dispatch from London, dated February 19, which is as follows:

"To give American troops newly arrived in Britain a quick fill-in of the news they have missed while afloat the British Ministry of Information distributes a little four-page tabloid newspaper at ports of arrival.

"A recent issue, it was learned today, carried the following story, not credited to any source.

"Roosevelt's opponents are ready to spend \$50,000,000 to beat him if—as they assume—he makes a fourth-term bid for President at the November elections."

"The Ministry of Information declined to permit an Associated Press reporter to ex-

amine a copy of the issue which contained the story. However, the same story was published in the London Daily Express."

I cannot imagine anything more disruptive of the relations between Great Britain and America than for the British Ministry of Information to attempt to propagandize American troops in the coming election, especially when such propaganda is based on rumor and is submitted without details or proof.

I would be obliged to you if you would investigate the matter and ascertain whether this report is correct, namely, that the British Ministry of Information is distributing a newspaper to all of the American troops arriving in Great Britain and including in this newspaper such items as the quotation above given—to the effect that the opponents of Roosevelt are ready to spend \$50,000,000 to defeat him.

As the final effort is being made by Great Britain and America to administer the death blow to our enemies, it is vital that our relations not be disturbed by an attempt on the part of Great Britain to influence by propaganda, or otherwise, the results of our election.

We Americans will fight out our political battles within our own shores and any effort by foreign nations to influence this election will be deeply resented. Nothing more mischievous could be done to disturb the harmony that should exist in time of war between two great peoples who are fighting side by side for the common cause.

Cordially yours,

HARRY F. BYRD.

FEBRUARY 24, 1944.

The Honorable HARRY F. BYRD,
United States Senate,
Washington, D. C.

DEAR SENATOR BYRD: In your letter of February 22 you call attention to recent stories in the press concerning the distribution to American troops arriving in Great Britain of a four-page leaflet sponsored by the British Ministry of Information. One leaflet was reported to contain a news story to the effect that the political opponents of President Roosevelt are ready to spend \$50,000,000 to defeat him should he run for another term.

Upon inquiry, I find the facts to be these.

In a laudable effort to extend hospitality to arriving American troops, the British Ministry of Information has had a large quantity of four-page leaflets prepared. With two of the pages left blank, these leaflets are distributed to various of the principal ports of entry in the British Isles, where they are placed in the hands of local newspaper editors. Upon learning of the arrival of American troops, the local editors select recent items of American news in which they think the American soldiers will be interested. They print these news items on the blank pages, and distribute the leaflets to the troops.

In the case under discussion a local editor at one of the ports, on his own initiative and not at the instigation of the British Ministry of Information, selected as a news item the story to which you have referred. It is my understanding that this story was sent from the United States by one of the news agencies as part of the agency's regular news file, and that it had appeared in a number of British papers a day or two before it was picked up and reproduced in the leaflet for American troops. It is my further understanding that proper steps have been taken to see that local editors use better judgment in the future.

I am quite satisfied that the incident represents a mistake by an editor who proved to be more newspaperman than diplomat, and that it was not, by any stretch of the imagination, a studied attempt by any British

governmental agency to influence political trends in the United States.

Cordially,

ELMER DAVIS.

FEBRUARY 28, 1944.

HON. ELMER DAVIS,
*Director, the Office of War Information,
Washington, D. C.*

MY DEAR MR. DAVIS: Thank you very much for your prompt reply to my letter of February 22, with respect to the distribution by the British Ministry of Information of a leaflet containing a news story to the effect that the political opponents of President Roosevelt are ready to spend \$50,000,000 to defeat him should he run for another term.

This is such obvious propaganda that I am surprised the officials of the British Ministry of Information did not appreciate their unethical action in including this in the four-page leaflet distributed under the auspices of the British Government to the American soldiers as they arrived in England.

I note this was sent to Great Britain by one of the news agencies. Could you give me the name of the news agency and likewise let me know whether the O. W. I. approved sending this dispatch abroad? Furthermore, would you be kind enough to send me a copy of this leaflet and future leaflets as they are distributed to the American troops?

Thanking you, I am,
Cordially yours,

HARRY F. BYRD.

FEBRUARY 29, 1944.

HON. HARRY F. BYRD,
*United States Senate,
Washington, D. C.*

DEAR SENATOR BYRD: I am informed that the agency which sent the news story about the alleged raising of \$50,000,000 to defeat the President, should he run for another term, was the British United Press. As for your question, whether the O. W. I. approved sending this dispatch abroad? I am a little at loss to understand it. We have, of course, no right to approve or disapprove any dispatches sent abroad by news agencies, nor do we in ordinary course have any knowledge of their contents until they are seen in print by our offices overseas.

We should be glad to try to obtain for you any future leaflets distributed to American troops, but suggest that delay might be obviated if you applied directly to the office of the British Ministry of Information in the Embassy here, from whom we should have to get them.

Cordially,

ELMER DAVIS,
Director.

MARCH 3, 1944.

THE BRITISH UNITED PRESS, LTD.,
Washington, D. C.
(Care of the United Press.)

DEAR SIR: Attached is a copy of a letter I have received from Mr. Elmer Davis, Director of the Office of War Information.

Will you kindly inform me from what source you obtained the report which was published in the British papers and then republished in the leaflet distributed to American troops arriving abroad, as follows:

"Roosevelt's opponents are ready to spend \$50,000,000 to beat him if—as they assume—he makes a fourth-term bid for President at the November elections."

Thanking you, and with best wishes, I am,
Cordially yours,

HARRY F. BYRD.

MONTREAL, CANADA, March 15, 1944.

SENATOR HARRY F. BYRD,
United States Senate, Washington, D. C.

DEAR SENATOR BYRD: As your Washington office probably informed you, I made a trip to New York and Washington last week in

connection with the British United Press dispatch which appeared in the British press in January estimating that \$50,000,000 would be spent in attempt to defeat President Roosevelt for a fourth term.

I found that this story was written by one of our staff writers and that the \$50,000,000 estimate was his own.

It is a violation of our traditional news policy for any correspondent to use his own estimate in a matter of this kind and I can assure you that the correspondent in question has been properly reprimanded so that nothing of this sort is likely to happen again.

With best wishes, I am,
Sincerely,

R. W. KEYSERLINGK,
*Managing Director,
British United Press, Ltd.*

MR. BYRD. Mr. President, I now want to call attention to another piece of political propaganda sent out by one of the agencies of the Federal Government at the expense of the United States taxpayers and printed and mailed under Government frank, but the worst of it is that it was sent to 890 local war price and rationing boards in an official communication.

This quite lengthy article of political propaganda was signed by G. C. Adams, Social Circle, Ga., and concludes with these words:

Let's lay aside our mulligrubs, and get on our knees and thank God for Roosevelt and his N. R. A., O. P. A., A. A. A., and F. H. A.

I immediately took up the matter with Mr. Chester Bowles, Administrator of the Office of Price Administration, and received a letter in reply, in which he admits that this article was sent from the Atlanta office under the official stationery of the O. P. A. He has imposed upon the person who sent out the article the punishment of requiring him to pay the cost of the publication. As a matter of fact, I think any employee of the Government who would so abuse the franking privilege as to send out such an article as this as an official communication should be dismissed from the public service.

I am glad, however, that Mr. Bowles states in his letter that he is using this example again to caution his staff in Washington and in the field that the operation of price control, rationing, and rent control must be kept completely free of politics.

This is but another instance of the abuse of the franking privilege by the thousands of branch and local offices of the different bureaus of the Government. It recalls the fact that not long ago an article was sent out under Government frank attacking the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. McKELLAR], and myself because of a stand we took in reducing an appropriation which was resented by the employees of this agency of the Government.

I ask unanimous consent to insert as a part of my remarks the letter I received from a member of a rationing board in Virginia, in which he enclosed the circular in question. For obvious reasons I have withheld this person's name and address.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 28, 1944.

DEAR SENATOR BYRD: In serving as chairman of the war price and rationing board, I see most of the printed matter sent out by O. P. A. I am enclosing a recent circular which was received at our rationing board office, in Government franked envelope, which smells to high heaven of politics.

In passing this along to you, I call your attention to the last paragraph of the circular.

The letter was mailed out of Atlanta office of O. P. A. I would say that most of the Eastern and Southern States rationing boards received it. It is quite possible that it was given national prominence.

Most of the printed matter of this nature is consigned to the waste basket, but I thought you might be interested in this particular one.

MR. BYRD. Mr. President, I also ask unanimous consent to have printed in the RECORD my letter to Mr. Bowles and his reply thereto.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

FEBRUARY 29, 1944.

HON. CHESTER BOWLES,
*The Office of Price Administration,
Washington, D. C.*

MY DEAR MR. BOWLES: It has just been called to my attention that the enclosed letter was mailed out of the Atlanta office of the Office of Price Administration in a Government franked envelope.

Is it possible that your organization is disseminating political propaganda such as this at Government expense?

I would appreciate your advice as to who paid for the printing of this letter and as to whether it has been generally distributed over the country.

Cordially yours,

HARRY F. BYRD.

THE HONORABLE HARRY F. BYRD,
*United States Senate,
Washington, D. C.*

DEAR SENATOR BYRD: Thank you very much for calling to my attention the reprint of a letter to the Atlanta Journal, which our Atlanta office had mailed out.

Frankly, this came to me as very much of a shock. An investigation has disclosed the following facts:

This letter to the editor appeared in the Atlanta Journal February 3. On February 4 the Atlanta regional information executive directed the Office for Emergency Management to reprint 3,000 copies to be included with the weekly letter that the regional O. P. A. office sends to its 890 local war price and rationing boards. The entire printing was used for this mailing within the organization. The Atlanta office distributed no copies to the public, and none outside its region. The printing cost \$8.84.

Because the letter contained figures showing increases in farm income in the last 10 or 12 years, the Atlanta regional information executive thought that it would be of interest to local boards.

However, it is apparent that the letter might be interpreted to have political implications, and politics is none of O. P. A.'s business. Obviously, the order to print the relatively few copies that were run off was a serious error of judgment.

I have directed that the man responsible for the printing shall pay the bill himself so that there will be no expense to the Government. In addition, I am using this example again to caution our staff, in Washington and in the field, that the operation of price

control, rationing, and rent control, must be kept completely free of politics.

Again, thank you for your courtesy in calling this to my attention.

Sincerely,

CHESTER BOWLES,
Administrator.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. BREWSTER. I should like to ask the Senator from Virginia a question. As I understand, the British agencies involved have admitted now the utter error of the statement in question, and that it was without foundation. Does the Senator know whether any steps have been taken or are to be taken to see to it that these erroneous reports are corrected?

Mr. BYRD. I will say to the Senator from Maine that I do not know of any steps that have been taken along that line. The item was sent by the British United Press, and I received a letter from the British United Press, as follows:

As your Washington office probably informed you—

The letter was sent to me from Montreal, Canada—

I made a trip to New York and Washington last week in connection with the British United Press dispatch which appeared in the British press in January estimating that \$50,000,000 would be spent in attempt to defeat President Roosevelt for a fourth term.

I found that this story was written by one of our staff writers and that the \$50,000,000 estimate was his own.

It is a violation of our traditional news policy for any correspondent to use his own estimate in a matter of this kind and I can assure you that the correspondent in question has been properly reprimanded so that nothing of this sort is likely to happen again.

Mr. BREWSTER. Has the Senator from Virginia inquired from Mr. Elmer Davis as to whether or not he would take appropriate steps to see that there was inserted in the Army publication in Great Britain which goes to our troops an authoritative statement summarizing what the Senator has found?

Mr. BYRD. I will say to the Senator that I asked Mr. Davis to do that, and he writes me:

I am quite satisfied that the incident represents a mistake by an editor who proved to be more newspaperman than diplomat, and that it was not, by any stretch of the imagination, a studied attempt by any British governmental agency to influence political trends in the United States.

Mr. BREWSTER. Would not good faith be shown by a readiness and willingness to give to our soldiers in Great Britain a correction?

Mr. BYRD. I entirely agree with the Senator, and I will suggest to Mr. Davis that such action be taken.

Mr. BREWSTER. I think it would be most appropriate.

NORTH DAKOTA LEADERSHIP IN FOURTH WAR LOAN DRIVE

Mr. LANGER. Mr. President, I am very proud to bring to the attention of the Senate the record of the State of North Dakota in the fourth war-loan drive. I hold in my hand an article which appeared in the Dunseith Journal

for March 23, in which the war-loan record of the State of North Dakota is stated. The article reads as follows:

NORTH DAKOTA TOPPED THE NATION IN FOURTH WAR LOAN

North Dakota topped the Nation in percent of series E War bond quota reached during the fourth war-loan campaign, according to an official release by the Treasury Department giving the final report of the fourth war loan.

The three leading States in percent of series E quota are: North Dakota, 181 percent; Wyoming, 152 percent; Iowa, 147 percent. North Dakota ranked second in percent of total quota. The three leading States are: Mississippi, 154 percent; North Dakota, 153 percent; Minnesota, 144 percent. Our State was also in second place in percent of individual quota reached. The three leading States are: Florida, 148 percent; North Dakota, 139 percent; Oregon, 135 percent.

R. R. Wolfer, executive director, North Dakota war finance committee, in a statement today said that this outstanding record was made possible by the patriotic service of more than 12,000 volunteer workers throughout the State serving on county and local war finance committees. He said that the help and cooperation of the schools of the State was also an important factor in the success of the campaign.

Mr. Wolfer pointed out that North Dakota's War bond sales record during the fourth war-loan campaign, which ranked North Dakota first or second in all three quotas, places our State at the very top among the States of the Nation. He further stated that this record proves the determination of North Dakota people to "back the attack" to a finish. He said that our people were ready and willing to make all their War bond quotas, not only in the expanded war-loan drives, but also in the regular month-to-month campaigns.

The North Dakota series E, F, and G War bond quota for March is \$2,600,000.

Mr. President, I wish to say that North Dakota's record was made despite the fact that the administration has not placed a single war industry within the borders of our State. North Dakota is the only State in the Union which has not received one war industry during the present war.

SYNTHETIC LIQUID FUELS—CONFERENCE REPORT

Mr. O'MAHONEY submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1243) authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Secretary of the Interior, acting through the Bureau of Mines, within the limits of critical materials available, is authorized for not more than five years to construct, maintain, and operate one of more demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances, and one or more demonstration plants to produce liquid fuels from agricultural and forestry products, with all facilities and accessories for the manufacture, purification, storage, and distribution of the prod-

ucts. The plants shall be of the minimum size which will allow the Government to furnish industry the necessary cost and engineering data for the development of a synthetic liquid fuel industry and of such size that the combined product of all the plants constructed in accordance with this Act will not constitute a commercially significant amount of the total national commercial sale and distribution of petroleum and petroleum products. Any activities under this Act relating to the production of liquid fuels from agricultural and forestry products shall be carried out in cooperation with the Department of Agriculture and subject to the direction of the Secretary of Agriculture.

"Sec. 2. In order to carry out the purpose of this Act, the Secretary of the Interior is authorized—

"(a) to conduct laboratory research and development work, and with pilot plants and semiworks plants to make careful process engineering studies along with structural engineering studies in order to ascertain lowest investment and operating costs, necessary to determine the best demonstration plant designs and conditions of operation;

"(b) to acquire, by purchase, license, lease for a term of years or less, or donation, secret processes, technical data, inventions, patent applications, patents, irrevocable nonexclusive licenses, and other rights and licenses under patents granted by this or any other nation; to acquire by purchase, lease for a term of years or less, or donation, land, and any interest in land (including easements and leasehold interests), options on real or personal property, and plants and their facilities; to assume the obligation to pay rentals in advance on property so acquired, and to pay damages arising out of the use of any such property: *Provided, however*, That the maximum quantity of land or any interest therein, or any other property, acquired hereunder shall not exceed that necessary to carry on experiments for the purposes herein provided;

"(c) to engage, by contract or otherwise, engineers, architects, and any private industrial organization or any educational institution he deems suitable, to do all or any part of the work of designing, constructing, or operating the plants, the operation to be under his supervision, and through leases or otherwise as he believes advisable;

"(d) to cooperate with any other Federal or State department, agency, or instrumentality, and with any private person, firm, educational institution, or corporation, in effectuating the purposes of this Act.

"Sec. 3. The Secretary of the Interior is authorized to sell the products of the plants at not more than actual cost, including amortization of capital expenses, as determined by him, to any department, agency, or instrumentality of the Federal or any State government, but priority shall be given to orders placed by the War or Navy Departments. Any remaining products may be sold at going prices to any purchaser through regular commercial channels. The Secretary of the Interior, subject to approval by Congress, shall also have authority to dispose of any lands or other real or personal property acquired, but in his opinion no longer useful, for the purposes of this Act; and he shall have authority to grant, on such terms as he may consider appropriate, licenses under patent rights acquired under this Act: *Provided*, That such licenses are consistent with the terms of the agreements by which such patent rights are acquired. No patent acquired by the Secretary of the Interior under this Act shall prevent any citizen of the United States, or corporation created under the laws of the United States or any State thereof, from using any invention, discovery, or process covered by such patent, or restrict such use by any such citizen or corporation, or be the basis of any claim against any such person or corporation on account of such use.

"Sec. 4. All moneys received under this Act for products of the plants and royalties shall be paid into the Treasury as miscellaneous receipts. The Secretary of the Interior shall render to Congress on or before the first day of January of each year a report of all operations under this Act.

"Sec. 5. The Secretary of the Interior may issue rules and regulations to effectuate the purposes of this Act. The authority and duties of the Secretary of the Interior under this Act shall be exercised through the Bureau of Mines of the Department of the Interior.

"Sec. 6. There is authorized to be appropriated not to exceed the sum of \$30,000,000 to carry out the provisions of this Act."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same with an amendment as follows:

Amend the title to read as follows: "An Act authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shales, agricultural and forestry products, and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes."

And the House agree to the same.

JOSEPH C. O'MAHONEY,
CHAN GURNEY,

Managers on the part of the Senate.

JENNINGS RANDOLPH,
JOHN M. ROBSON,

Managers on the part of the House.

Mr. O'MAHONEY. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report.

Mr. LANGER. Mr. President, as I understand the bill, it deals with the development of the coal and other fuel resources of the West.

Mr. O'MAHONEY. The bill is the synthetic-fuels bill.

Mr. LANGER. I believe it is the bill the passage of which we have been endeavoring to secure for some time.

Mr. O'MAHONEY. It has been under consideration in the last Congress and in the present Congress, and the Senator from North Dakota has been very much interested in securing its passage.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

INCREASED POSTAL AND OTHER RATES UNDER NEW TAX LAW

Mr. LANGER. Mr. President, I rise to bring to the attention of the Senate the manner in which a part of the new tax bill which went into effect yesterday will penalize the people who patronize the post offices, which are owned by the people themselves, and will favor the banks, the express companies, and the monopolies. In the West we have a saying, "You don't have to eat a whole beef to find out whether it is tainted." Therefore, Mr. President, without mentioning the major defects of the tax bill which has just gone into effect, I quote an advertisement published in a North Dakota newspaper. It was published in the March 22, 1944, issue of the Bismarck Tribune, on page 8. The advertisement was inserted by the Dakota National

Bank & Trust Co., and is entitled "Bank Money Orders Cost Less." It reads as follows:

Bank money orders cost less; and as of March 26, 1944, the saving will be even greater. Here's the new schedule of postal money orders as compared to the cost of our bank money orders.

| Amount | Postal money order | Our bank money order |
|-----------------------|--------------------|----------------------|
| \$0.01 to \$2.50..... | \$0.10 | \$0.05 |
| \$2.51 to \$5..... | .14 | .05 |
| \$5.01 to \$10..... | .19 | .10 |
| \$10.01 to \$20..... | .22 | .10 |
| \$20.01 to \$40..... | .25 | .10 |
| \$40.01 to \$50..... | .30 | .10 |
| \$50.01 to \$60..... | .30 | .15 |
| \$60.01 to \$80..... | .34 | .15 |
| \$80.01 to \$100..... | .37 | .15 |

¹ \$0.10 per hundred or fraction.

Bank money orders cost less, they are available in whatever amount is required, a receipt is issued for your record, and the canceled money order is retained in our files for future reference. When you need money orders come to the Dakota National Bank, "the friendly bank." Affiliated with Northwest Bancorporation; member, Federal Deposit Insurance Corporation.

From the schedule which appears in the advertisement we find that a money order for an amount between 1 cent and \$2.50 will cost, if purchased at a post office, 10 cents; but if it is purchased at a bank in the same town, the cost will be 5 cents.

Likewise, under the new tax measure, if one buys at a post office a money order for an amount anywhere between \$2.51 and \$5, the cost will be 14 cents, whereas one can go to any bank in that town and buy a money order in the same amount for 5 cents. If a money order is bought at a post office, which is owned by the people, for an amount between \$5.01 and \$10, it will cost 19 cents, but one can go to any bank and buy it for 10 cents. If the money order is for an amount between \$10.01 and \$20, if one buys it at a post office, the cost is 22 cents, but one can go to any bank and buy it for less than half, or for 10 cents. Under the new tax bill, of which some people are so proud, if one buys a money order for an amount anywhere between \$20 and \$40 at a post office, it will cost 25 cents, but the same money order at any local bank will cost 10 cents. If a person buys a money order for an amount anywhere between \$40.01 and \$50 at a post office, it will cost 30 cents, but it can be bought at a bank for 10 cents. A money order for an amount between \$60 and \$80 will cost at a post office 34 cents, but at a bank the cost will be 15 cents. A money order for an amount anywhere between \$80 and \$100 will cost 37 cents at a post office, but will cost only 15 cents at a bank.

So, Mr. President, we see that the law passed by the Congress is putting our own Post Office Department out of business insofar as the issuing of money orders is concerned. The rates charged are so high that, as I said before, a money order for an amount anywhere between \$80 and \$100 will cost 37 cents at a post office, but will cost only 15 cents at a bank. So there will be a saving of 22

cents to the patron of the bank. I say that the increased postal rates will result in having the business diverted from the post offices to the banks insofar as money orders are concerned.

Mr. President, under the new tax rates, registration fees are increased approximately one-third, and insurance and c. o. d. fees are doubled. The local letter rate has been increased from 2 to 3 cents an ounce. The domestic air-mail rate has increased from 6 to 8 cents an ounce.

All of us are familiar with the terrific fight put up a few years ago against the parcel post by the express companies; yet we find that every parcel post package will require at least 1 cent more in postage, under the new tax bill, which requires an increase of 1 cent or 3 percent, whichever is the greater, this at a time when the express companies are making more money than ever before in their history, and when we have the situation described a few moments ago by the distinguished junior Senator from Vermont [Mr. Aiken].

This Congress, which refused to tax future issues of tax exempt securities and was so eager to pass the \$9,000,000,000 Ruml income tax forgiveness, and which also refused to limit salaries to \$25,000, increased the tax on electric light bulbs 15 percent, so light bulbs, which formerly cost the laboring man or the farmer \$1, will now cost him \$1.15. Charges for telephone services will increase to another 5 percent on local service, and 15 percent more on toll calls.

Mr. President, I rise to congratulate myself for having voted against this tax bill, and to express the hope that when the people of this country really understand what a miserable tax bill was passed by this body, they will more closely watch future tax legislation.

When this tax bill was under consideration I said that more millionaires would be created in World War No. 2 than were created in World War No. 1. I said then that the large corporations were making more money after taxes were paid than ever before in the history of America, and I repeat that assertion today. The poor people, and not the rich, are the ones who are paying for this war.

FIRST DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 4346) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes.

The PRESIDING OFFICER. The clerk will proceed to state the amendments reported by the Committee on Appropriations.

The first amendment of the Committee on Appropriations was, under the heading "Title I—General appropriations—legislative," on page 2, after line 2, to insert:

SENATE

For the payment to Elysabeth C. Barbour and Sharon Barbour, daughters, and Warren Barbour, son, of W. Warren Barbour, late a Senator from the State of New Jersey, \$10,000, as follows: One-third thereof to Elysabeth C.

Barbour, and two-thirds to Frederick K. Barbour and Charles S. McVeigh, legal guardians of Sharon Barbour and Warren Barbour, minors.

The amendment was agreed to.

The next amendment was, on page 2, after line 10, to insert:

For payment to Cornelia Morton McNary, widow of Charles L. McNary, late a Senator from the State of Oregon, \$10,000.

The amendment was agreed to.

The next amendment was, on page 2, after line 13, to insert:

For payment to Marie K. Van Nuys, widow of Frederick Van Nuys, late a Senator from the State of Indiana, \$10,000.

The amendment was agreed to.

The next amendment was, under the subhead "House of Representatives," on page 3, line 14, after the numeral "3", to insert "and McEvoy versus Peterson as audited and recommended by the Committee on Elections Numbered 2."

The amendment was agreed to.

The next amendment was, on page 3, after line 20, to insert "Hugh Peterson, \$581.50."

The amendment was agreed to.

The next amendment was, on page 3, line 22, after the words "In all", to strike out "\$8,000" and insert "\$8,581.50."

The amendment was agreed to.

The next amendment was, under the subhead "Government Printing Office", on page 5, line 11, after the words "ceiling price", to insert "orders and"; in line 13, after the word "such", to insert "orders and"; and in line 16, before the word "schedules", to insert "orders and."

The amendment was agreed to.

The next amendment was, under the heading "Executive Office of the President—Office for Emergency Management", on page 6, after line 18, to insert:

Office of Defense Transportation: The funds appropriated to the Office of Defense Transportation for the fiscal year 1944 shall be available for the employment of a Director at \$12,000 per annum.

The amendment was agreed to.

The next amendment was, under the heading "Independent executive agencies", on page 7, after line 7, to insert:

OFFICE OF EDUCATION

Education and training, defense workers (national defense): For an additional amount for payments to States, and so forth, fiscal year 1944, for the cost of vocational courses in food production and conservation, mechanics, farm-machinery repair, and farm-labor training of less than college grade, as provided in paragraph 3, under this head in the Federal Security Agency Appropriation Act, 1944, \$4,000,000.

The amendment was agreed to.

The next amendment was, under the subhead "Federal Works Agency", on page 8, line 12, after "(and 1541)", to strike out "\$127,500,000" and insert "\$112,500,000."

The amendment was agreed to.

The next amendment was, on page 9, line 2, after the word "in", to insert "Senate Document Numbered 172, and"; and in line 4, after the name "Congress", to strike out "\$3,589.30" and insert "\$7,682.92."

The amendment was agreed to.

XC—202

Mrs. CARAWAY. Mr. President, I should like to take a few minutes to speak on this bill as the representative of American women. The appropriation for the Federal Works Agency which is included in the deficiency appropriation bill is of deep concern to them because those funds will make possible the continuance and expansion of Federal aid to our nursery schools and child-care centers for the children of working mothers.

Today there are more than 5,500,000 women with children under 14 employed in America. Those women cannot do their best work, and many of them cannot even stay on the job, unless they have some assurance that their children are being adequately cared for.

The funds allocated to date to the Federal Works Agency for the War Public Works and War Public Services Program have made possible the establishment by local communities of 2,243 projects caring for 65,772 children. It is clear that this program needs to be expanded considerably to meet the needs of working mothers. Applications for 302 new projects have been held up for weeks because the funds of the Federal Works Agency were all allocated.

As Senators know, the President requested Congress to grant an additional appropriation of \$150,000,000 to the Federal Works Agency. It is a great disappointment to me that these funds have been so seriously cut. The House reduced the appropriation to \$127,500,000. The bill which is now before us further reduces the amount to \$112,500,000.

There is another and even more serious weakness in the bill before us to which I should like to call attention. There is at present a limitation of \$40,000,000 on the funds which can be spent by the Federal Works Agency for maintenance and operation of facilities. That limitation applies to the funds which were authorized by Congress for the Federal Works program after July 1, 1943. If that limitation remains in the law the child-care centers will have to close, regardless of how much money we appropriate.

General Fleming testified before the House Appropriations Committee that they have already made allocations of approximately \$30,000,000 for maintenance and operation of projects since July. He said "if the limitation remains in the law, we would be unable to continue essential service projects or to approve any in new locations."

If that limitation is not removed, therefore, the Federal Works Agency will not be able to use the funds we appropriated for it to keep the present child-care centers open for another year. It will not be able to open the 300 new centers which have already been certified as essential to our war effort.

I wonder if Senators realize what that would mean. It would mean thousands of women leaving their war jobs at a time when our War Production Board has just announced that our war output is behind schedule. It would mean thousands of more door-key children on our streets.

I should like to see inserted in this bill a provision to remove the \$40,000,000 lim-

itation so that the child-care program which is so urgently needed in all our war areas can go ahead without further loss of time.

In conclusion, I should like to read a letter which six women Members of the House submitted to the House Appropriations Committee when this matter was before that body.

FEBRUARY 24, 1944.

HON. CLARENCE CANNON, *Chairman*.

MR. CHAIRMAN: As of course you know, under the wartime child-care program funds are allotted for assistance in the operation of facilities for the care of children whose mothers are employed in jobs essential to the war effort. Local communities participate in the cost of the service to the extent that funds are available, and the parents pay a fee which must cover, at least, the cost of food. As of January 31, 1944, a total of \$20,204,565 of Lanham Act funds had been allotted for wartime child-care services. As of February 9, the last date for which a report is available, there were in operation 1,431 nursery schools with an enrollment of 37,439 preschool children and 812 centers with an enrollment of 28,333 school-age children. This makes a total of 2,243 centers with an enrollment of 65,772.

You have under consideration before your committee a request from the Director of the Budget for an appropriation of \$150,000,000 to the Federal Works Agency for War public works. An important part of this fund is for the continuation and expansion of the child-care program.

We want to call to your attention the urgency of this program because of the vast number of women now in industry and the need for more than 1,000,000 additional women workers by July 1.

At the present time, only 65,772 children are being taken care of in 2,243 projects. This does not begin to meet the existing need, as evidenced by the fact that four out of five women hired today leave their jobs because of home problems. One of the most common of these is lack of adequate care for these children. The War Manpower Commission estimates that one out of every seven women workers has a child needing care. This means that at least 142,000 more children than at the present will need care by July 1 if the recruitment program is to be successful. As you know, an increasing number of women with small children are being forced to seek employment as fathers are drafted into the armed forces.

The health and safety of our children, as well as the achievement of our war production goals, depend on speedy provision of the necessary funds.

The program at present is at a standstill. No new projects can be opened even though applications for 302 child-care projects from local communities, certified as essential to the war effort, are pending. Facilities cannot be provided for the children in these areas and the existing projects will be forced to close as their grants expire unless this appropriation is granted at once.

A further step is necessary to the fulfillment of this program. The limitation of \$40,000,000 imposed by act of Congress of July 15, 1943, on the amount of funds permitted to be used for maintenance and operation of these war services should be lifted. Allocation of funds to the child-care projects already approved and pending would bring the total allocation up to the limit imposed. Therefore, the failure to remove this limitation would mean a total collapse of the child-care program.

Therefore, we women members of Congress, assume the responsibility of speaking for the millions of working mothers of our country and of impressing upon you the need for action. Women cannot do their best work

in their war jobs, or are prevented from making a contribution altogether, if they are constantly worried and insecure about the care of their children. We owe it to our fighting fathers to safeguard the health and future of American youth. We sincerely hope that this committee in its wisdom will join with us in making it possible to secure the services of the thousands of women who are anxious to do their part in providing the means to achieve victory. We know of no better way to secure their services than in making adequate provisions for safeguarding the health and happiness of their children.

MARY T. NORTON.
EDITH NOURSE ROGERS.
FRANCES P. BOLTON.
MARGARET C. SMITH.
WINIFRED C. STANLEY.
CLARE BOOTHE LUCE.

Mr. MAYBANK. Mr. President, supplementing the excellent remarks of the distinguished Senator from Arkansas, I may say that today some of the officials discussed the matter with several of us. The Senator from Georgia and myself have discussed the matter with the acting chairman of the Committee on Appropriations.

Mr. McKELLAR. Mr. President, I suggest to the Senator from South Carolina that at this time not all the committee amendments have been offered.

Mr. MAYBANK. I understand that.

Mr. McKELLAR. After all committee amendments have been acted upon, the subject to which the Senator refers may be presented.

Mr. MAYBANK. Yes; I had understood that.

Mr. McKELLAR. I did not know whether the Senator so understood.

Mr. MAYBANK. I merely wished to mention the fact that we have held discussions relative to the matter, and at the proper time we will submit an amendment to increase the appropriation.

The PRESIDING OFFICER. The next amendment of the committee will be stated.

The next amendment was, under the subhead "Veterans' Administration," on page 11, line 5, after the word "expended", to strike out "\$30,000,000" and insert "\$31,650,000."

The amendment was agreed to.

The next amendment was, under the heading "Department of Agriculture", on page 17, after line 8, to insert:

AGRICULTURAL RESEARCH ADMINISTRATION
BUREAU OF PLANT INDUSTRY, SOILS, AND
AGRICULTURAL ENGINEERING
Salaries and expenses

Agricultural engineering investigations: For an additional amount for agricultural engineering investigations, fiscal year 1944, including the objects specified under this head in the Department of Agriculture Appropriation Act, 1944, and including not to exceed \$10,000 for the construction of a building at the Houma (La.) station, \$74,000, to remain available until June 30, 1945.

The amendment was agreed to.

The next amendment was, under the subhead "Commodity Credit Corporation," on page 18, line 10, after the numerals "1944", to strike out "\$100,000" and insert "\$312,000."

The amendment was agreed to.

The next amendment was, under the heading "Department of the Interior—

Bureau of Reclamation," on page 19, line 12, before the word "weir", to insert "temporary."

The amendment was agreed to.

The next amendment was, under the heading "Navy Department—Office of the Secretary," on page 22, line 13, after the word "in", to insert "Senate Document No. 169, and"; and in line 15, after the name "Congress", to strike out "\$9,934.70" and insert "\$15,928.73."

The amendment was agreed to.

The next amendment was, under the subhead "Coast Guard," on page 22, line 24, after the word "in", to insert "Senate Document No. 170, and"; and on page 23, line 2, after the name "Congress", to strike out "\$4,110.85" and insert "\$4,610.85."

The amendment was agreed to.

The next amendment was, under the subhead "Transfers of appropriations," on page 23, line 5, after the word "of", to strike out "\$262,314,000" and insert "\$262,759,000."

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Naval Personnel," on page 23, line 17, after "Lake Pend Oreille, Idaho", to strike out "\$1,530,000" and insert "\$1,700,000."

The amendment was agreed to.

The next amendment was, on page 23, line 18, after "Lake Seneca, N. Y.", to strike out "\$1,530,000" and insert "\$1,700,000."

The amendment was agreed to.

The next amendment was, on page 23, line 19, after "Port Deposit, Md.", to strike out "\$945,000" and insert "\$1,050,000."

The amendment was agreed to.

The next amendment was, on page 23, line 22, after the name "Navy", to strike out "\$6,525,000" and insert "\$6,970,000."

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Yards and Docks," on page 24, line 10, after the word "vehicles," to insert a comma and "including one at \$3,500."

The amendment was agreed to.

The next amendment was, under the heading "Post Office Department (out of the postal revenues)—Departmental," on page 26, after line 7, to insert:

Contingent and miscellaneous expenses, \$4,500.

The amendment was agreed to.

The next amendment was, under the heading "Treasury Department," on page 31, after line 3, to insert:

OFFICE OF THE SECRETARY

Restoration of capital impairment, Commodity Credit Corporation: To enable the Secretary of the Treasury, on behalf of the United States, to restore the amount of the capital impairment of the Commodity Credit Corporation as of March 31, 1943, by a contribution to the Corporation as provided by the act approved March 8, 1938, as amended (15 U. S. C. 713a-1), \$39,436,884.93.

The amendment was agreed to.

The next amendment was, under the heading "War Department—Civil functions," on page 32, after line 19, to insert:

GENERAL PROVISION

Damage claims: For the payment of claims for damage to or loss or destruction of prop-

erty or personal injury or death adjusted and determined by the Secretary of War under the provisions of the act entitled "An act to provide for the settlement of claims for damage to or loss or destruction of property or personal injury or death caused by military personnel or civilian employees, or otherwise incident to activities, of the War Department or of the Army," approved July 3, 1943 (Public Law 112), as fully set forth in Senate Document Numbered 167, Seventy-eighth Congress, \$75,286.98.

The amendment was agreed to.

The next amendment was, under the heading "Title II—War overtime pay and other compensation increases—District of Columbia," on page 63, line 16, after the numerals "1944," to strike out "\$3,100" and insert "\$9,100."

The amendment was agreed to.

The next amendment was, on page 67, line 19, after the word "funds", to strike out "\$2,056,900" and insert "\$2,062,900."

The amendment was agreed to.

Mr. BUSHFIELD. Mr. President, I ask unanimous consent to return to the amendment on page 31 of the bill. The amendment was stated so rapidly I did not understand its purpose. I refer to the amount stated in line 11.

The PRESIDING OFFICER. Without objection, the clerk will restate the amendment on page 31, beginning in line 4.

The CHIEF CLERK. On page 31, after line 3, it is proposed to insert:

OFFICE OF THE SECRETARY

Restoration of capital impairment, Commodity Credit Corporation: To enable the Secretary of the Treasury, on behalf of the United States, to restore the amount of the capital impairment of the Commodity Credit Corporation as of March 31, 1943, by a contribution to the Corporation as provided by the act approved March 8, 1938, as amended (15 U. S. C. 713a-1) \$39,436,884.93.

Mr. BUSHFIELD. I should like to have an explanation by the Senator in charge of the bill as to why it is necessary to appropriate nearly \$40,000,000 for the Commodity Credit Corporation. If the management of that Corporation is not efficient enough to conduct its business profitably, or at least keep it out of the red, we should change management.

Mr. McKELLAR. Mr. President, I believe the Senator should understand that the fault lies in an act which Congress itself passed directing that wheat be bought from places in countries outside the United States, and that it should be sold at a lower price than wheat was bringing at the time. The losses were charged to the C. C. C. The Commodity Credit Corporation merely carried out the directions of the Congress. I regretted very much to see Congress take the view which it took. I doubt very much the wisdom of the act Congress passed, but Congress directed this authority to perform the task at a loss. The figure contained in the amendment of \$39,436,884.93 represents the loss, and we must restore it.

Mr. BUSHFIELD. Did I correctly understand the Senator to say that this appropriation is for wheat purchased outside of this country?

Mr. McKELLAR. Yes.

Mr. BUSHFIELD. It was my understanding that the wheat was Government wheat, wheat held by the Government, which was sold at a loss.

Mr. McKELLAR. There was some of that wheat also. By direction of the Congress it was handled in the same way. Some of our own wheat, of lower quality, was sold at a loss and charged to the capital of the Commodity Credit Corporation. I read from the report:

Pursuant to the provisions of the act approved March 8, 1938, as amended (15 U. S. C. 713a-1), an act to maintain unimpaired the capital of the Commodity Credit Corporation at \$100,000,000, and for other purposes, an appraisal has been made of all assets and liabilities of the said Corporation as of March 31, 1943. As a result of such appraisal and on the basis of the cost, including not more than 1 year of carrying charges of such assets to the Corporation, or the average market prices of such assets for the 12 months' period ended March 31, 1943, whichever was less, it has been determined that the liabilities of the Corporation, including capital stock of \$100,000,000, exceed the assets by an amount of \$39,436,884.93.

The act cited above provides that in the event the net worth of the Corporation, as shown by the appraisal by the Secretary of the Treasury, is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such impairment. To enable the Secretary to make such payment there is authorized to be appropriated annually, commencing with the fiscal year 1938, an amount equal to any capital impairment found to exist by virtue of any appraisal.

The amount recommended by the committee is necessary to enable the Secretary of the Treasury to discharge the duty imposed upon him by the above-mentioned act.

What Congress did was to have the wheat sold at less than the market price, and thereby create a subsidy. The purpose of this appropriation is to supply money for the purpose of paying the subsidy.

Mr. BUSHFIELD. May I ask the Senator a question?

Mr. McKELLAR. I yield.

Mr. BUSHFIELD. The situation is that the Government took a couple of hundred million bushels of wheat—whatever the amount was—sold it for less than was paid for it, and it is now proposed to take money out of the Treasury in order to restore what was lost by poor business management.

Mr. McKELLAR. That is exactly the situation, and Congress is responsible for it. I am not a subsidy man and, for that reason, I am not blaming myself particularly for what occurred, but Congress passed the law, and it is our duty, of course, to pay the amount which is needed.

Mr. HAYDEN. As the matter has been explained, I think it does not cover the whole story. This amendment restores the capital stock of the Commodity Credit Corporation for the losses it has suffered up to April 1, 1943. The law requires that on April 1 of each year there shall be an inventory taken of the assets and liabilities of the Commodity Credit Corporation. An inventory was taken and a finding made. Another inventory will be taken in a few days which will show an even greater loss, due to

the wheat bought at parity in the United States and bought a little cheaper from Canada—there were some purchases from Canada—and then sold for feed for dairy stock and for poultry and for cattle feed generally. That loss will be even greater in another year; we will find the capital stock again impaired, and to carry out the provisions of the law the Congress will be required again to restore the capital stock.

Mr. BUSHFIELD. Mr. President, will the Senator from Tennessee permit me further?

Mr. McKELLAR. I yield.

Mr. BUSHFIELD. It appears to me that this means it is a continuous operation of digging into the Treasury to buy cattle feed and other livestock feed for one certain particular group or portion of our population.

Mr. HAYDEN. The Congress of the United States, after long debate in both Houses, directed that that be done. After action taken by the Committees on Agriculture of the House and the Senate, Congress by legislation directed that wheat should be bought and then should be sold at not less than the parity price of corn. The loss must be made up in this way. Everybody knew when we passed the act that it was a transaction for the benefit of the dairy industry, for the benefit of cattle feeding, for the benefit of the poultry industry in order to cut down the price of beef, the price of butter, the price of eggs, and the price of poultry. It was in the nature of a subsidy, and we are paying the subsidy or a part of it now.

Mr. AIKEN. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. AIKEN. While it is true, as the Senator from Tennessee and the Senator from Arizona have said, that this loss is largely due to the sale of feed grain, yet this whole amount probably cannot be charged up against the farmers or the farmers' feed bill, because, as Senators will recall, the Commodity Credit Corporation was furnishing quite large amounts of grain for the manufacture of alcohol so that the synthetic-rubber program could be inaugurated. If my memory serves me correctly, the Commodity Credit Corporation sold a considerable amount of corn, on which they realized only about 5 cents a bushel, the loss on which would probably be included in this amount.

Mr. HAYDEN. I am sure the Senator is correct. There was a loss on that as well as on the grain sold for alcohol.

Mr. McKELLAR. But nothing like the loss that was incurred in connection with the other program.

Mr. AIKEN. What I should like to ask the Senator from Tennessee is whether the Commodity Credit Corporation has ever submitted to the Appropriations Committee an accounting of their transactions or balance sheets when they come before the committee and ask for new appropriations?

Mr. McKELLAR. No; they submit them to the House and I think they are in the House hearings.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TAFT. The Commodity Credit Corporation submits balance sheets to the Banking and Currency Committee whenever they come before us requesting an increase in their borrowing power or in subsidy payments. There will be found in the hearings the balance sheets of the Commodity Credit Corporation in each case.

Mr. AIKEN. Is it broken down?

Mr. TAFT. Yes; it is broken down showing what they have lost on each commodity.

Mr. McKELLAR. Mr. President, is it very long?

Mr. TAFT. No; it only covers 2 or 3 pages.

Mr. McKELLAR. If the Senator has it I wish he would put it in the Record.

Mr. TAFT. I will send for it and will place in the Record the most recent one, if I can obtain it.

Mr. TAFT subsequently said: Mr. President, I ask unanimous consent to have inserted in the Record, at the point at which the Senator from Tennessee [Mr. McKELLAR] and I had a discussion regarding the Commodity Credit Corporation, the balance sheet of the Corporation as of October 31, 1943, with some explanatory matter.

There being no objection, the matter referred to was ordered to be printed in the Record, as follows:

U. S. Department of Agriculture, Commodity Credit Corporation—Balance sheet, Oct. 31, 1943

| ASSETS | |
|--|------------------|
| Cash..... | \$109,459,814.16 |
| Loans receivable..... | 228,161,871.89 |
| Accounts receivable..... | 388,351,837.15 |
| Inventories: | |
| Agricultural supplies.. | 199,864,398.82 |
| Barley (304,486 bushels)..... | 163,198.38 |
| Cotton (2,597,289 bales)..... | 162,506,866.46 |
| Dairy products..... | 1,055,901.40 |
| Foreign commodities.. | 184,106,376.96 |
| Other commodities..... | 7,145,908.05 |
| Rye (315,682 bushels)..... | 198,035.65 |
| Tobacco (214,541,136 pounds)..... | 128,150,161.17 |
| Wheat (142,668,348 bushels)..... | 181,884,647.77 |
| Total..... | 865,075,494.66 |
| Accrued charges on commodities owned..... | 5,781,006.23 |
| | 870,856,500.89 |
| Fixed assets..... | 27,898,061.85 |
| Deferred charges and prepaid expenses..... | 2,008,008.30 |
| Total assets..... | 1,626,736,094.24 |
| LIABILITIES | |
| Guaranteed obligations of United States: | |
| Notes payable: | |
| Series G..... | \$411,596,000.00 |
| U. S. Treasury.... | 700,000,000.00 |
| | 1,111,596,000.00 |
| Bank loans payable: | |
| Demand loans.... | 57,915,000.00 |
| Cuban sugar.... | 44,303,327.83 |

| LIABILITIES—Continued | |
|---|------------------|
| Guaranteed obligations of United States—Continued | |
| Bank loans payable—Continued | |
| Wool purchases..... | \$64,745,522.44 |
| Peanuts..... | 5,409,302.14 |
| Letters of credit..... | 22,351,685.97 |
| | 194,724,838.38 |
| | 1,306,320,838.38 |
| Accounts payable..... | 253,777,302.06 |
| Contingent liabilities | |
| (\$290,440,237.37) ¹ | |
| Total liabilities..... | 1,560,098,140.44 |

| NET WORTH | |
|---|------------------|
| Capital stock..... | \$100,000,000.00 |
| Deficit..... | 33,362,046.20 |
| | 66,637,953.80 |
| Total liabilities and net worth..... | 1,626,736,094.24 |
| ¹ See the following table: | |
| Loans held by private banks..... | \$272,675,922.95 |
| Applications for letters of credit..... | 17,764,314.42 |
| Total..... | 290,440,237.37 |

Commodity Credit Corporation investments and obligations, Oct. 31, 1943

| | Commodities owned by Commodity Credit Corporation | Loans held by Commodity Credit Corporation | Loans held by banks | Outstanding commitments | Total |
|--|---|--|---------------------|-------------------------|---------------|
| Corn..... | \$7,146,000 | \$800,000 | \$1,873,000 | \$25,000,000 | \$34,819,000 |
| Cotton..... | 162,507,000 | 192,342,000 | 61,097,000 | 285,203,000 | 701,149,000 |
| Tobacco..... | 128,150,000 | 601,000 | 1,993,000 | 70,150,000 | 200,894,000 |
| Wheat..... | 181,885,000 | 26,273,000 | 196,390,000 | 92,857,000 | 497,405,000 |
| Flaxseed..... | 18,000 | 1,387,000 | 5,827,000 | 7,232,000 | 7,232,000 |
| Barley..... | 163,000 | 161,000 | 2,143,000 | 6,928,000 | 9,395,000 |
| Rye..... | 198,000 | 99,000 | 1,079,000 | 3,689,000 | 5,045,000 |
| Grain sorghums..... | | 2,000 | 5,000,000 | 5,002,000 | 5,002,000 |
| Dry beans and peas..... | | 71,000 | 756,000 | 49,142,000 | 49,769,000 |
| Hay and pasture seed..... | | | 19,000 | 9,981,000 | 10,000,000 |
| Hemp..... | 954,000 | | | 35,520,000 | 36,474,000 |
| Naval stores..... | 12,097,000 | 2,125,000 | | 11,328,000 | 25,550,000 |
| Potatoes..... | | 6,000 | 91,000 | 99,903,000 | 100,000,000 |
| Prunes..... | | | | 44,000,000 | 44,000,000 |
| Raisins..... | | | | 65,975,000 | 65,975,000 |
| Canning vegetables..... | | | | 24,965,000 | 24,965,000 |
| Oilseeds and products..... | 48,631,000 | | 61,000 | 194,584,000 | 243,276,000 |
| Sugar..... | 105,308,000 | | | 27,940,000 | 133,248,000 |
| Butter and cheese..... | 65,414,000 | | | 26,234,000 | 91,648,000 |
| Corn price adjustment..... | | | | 1,469,000 | 1,469,000 |
| Cheddar cheese..... | | | | 940,000 | 940,000 |
| Fluid milk..... | | | | 7,000,000 | 7,000,000 |
| General commodities purchase program..... | | | | 150,000,000 | 150,000,000 |
| Dairy feed stabilization..... | | | | 60,000,000 | 60,000,000 |
| Wool and mohair..... | 65,227,000 | | | 85,009,000 | 150,236,000 |
| Loans to Agricultural Adjustment Agency..... | | | | 50,000,000 | 50,000,000 |
| Foreign commodities..... | 78,798,000 | 2,864,000 | | 183,263,000 | 234,955,000 |
| Miscellaneous agricultural supplies..... | 8,597,000 | 2,801,000 | | 37,167,000 | 48,565,000 |
| Carrying charges..... | | | | 72,587,000 | 72,587,000 |
| Total..... | 865,075,000 | 228,161,000 | 266,691,000 | 1,701,671,000 | 3,061,598,000 |

Mr. AIKEN. Mr. President, I do not want anything I have said to be considered as a criticism of the Commodity Credit Corporation, for I consider of all the agencies that have not been required to be audited the Commodity Credit Corporation has been about the most useful and it has tried very hard to do good work and has done good work.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. TAFT. I wish to say that the statement made by the Senator from Arizona is exactly correct as to the general law with regard to replacing losses of the Commodity Credit Corporation. It may be inevitable that on the loans that have been made and many other transactions there will be losses. I want to make only one reservation, however, about next year. When next year this bill comes before the Senate it will have to provide not \$39,000,000 but probably in the neighborhood of a billion dollars to make up losses if the Corporation proceeds as it is now doing.

I want to state my view that the milk-feed subsidy which is now being paid at the rate of \$400,000,000 a year is, in my opinion, contrary to law. In my view, the Commodity Credit Corporation has no power to pay subsidies in that way.

The Commodity Credit Corporation may buy property and may sell it at a loss and it may legally pay some kinds of subsidies; but the milk-feed subsidy is paid by simply asking a man how much milk and butter he sold and figuring so many cents and then giving him a Government check through the A. A. A. for that amount. I raised that legal objection when the Commodity Credit Corporation matter was before our committee. There is a long opinion from the Solicitor maintaining their right to do so, which is found in the record, and with which I wholly disagree. The Commodity Credit Corporation officials ought to know when they come before Congress next year and ask for replacement capital that I think there is a very sound objection to replacing the capital stock because of the payment of that particular subsidy and perhaps one or two others, which cannot be paid in a legal way.

The PRESIDING OFFICER. The committee amendment on page 31, beginning in line 3, has been agreed to.

Mr. WHERRY. Mr. President, I should like to ask the distinguished Senator from Tennessee a question. As I understand, the appropriation of \$39,436,884.93 is to pay the amount of loss which has been sustained and which has impaired the capital stock of the Commodity Credit Corporation.

Mr. McKELLAR. Yes; up to April 1, or March 31, 1943.

Mr. WHERRY. In listening to the explanation of the Senator as to what brought about this loss, he referred to loss sustained in the purchase and sale of wheat.

Mr. McKELLAR. That is correct.

Mr. WHERRY. But the entire loss on the sale of wheat was about \$183,000,000 was it not?

Mr. McKELLAR. Yes.

Mr. WHERRY. So that in reality this is a deficit which has been sustained by the loss on all the activities as against the assets and whatever has been earned by the Commodity Credit Corporation during that period of time.

Mr. McKELLAR. I think it was largely, in fact almost entirely, due to the loss which we have been discussing.

Mr. WHERRY. In the hearings held before the House committee on this same bill, on page 552, the chairman in reply to a statement by Mr. Bartelt as to the cumulative losses said:

In other words, you have a continuous and consistent loss on every activity.

He was referring to the losses which have accrued through the different organizations to which the Commodity Credit Corporation loans money. One I take it is the R. A. C. C., another the Federal Security Administration, and 50 or 60 others. Am I right in that?

Mr. McKELLAR. I am sure the Senator is right.

Mr. HAYDEN. Mr. President, I think the Senator is correct in that the sum of money is the net amount of loss up to April 1, 1943, from all sources. I asked Mr. Hutson—

Mr. WHERRY. So it is not chargeable exclusively to wheat; it is chargeable to the loss, as the chairman of the House committee said, on all their activities?

Mr. HAYDEN. That is correct.

Mr. WHERRY. I do not think that is so. As a matter of fact, the loss on wheat alone has been \$183,000,000, if I remember correctly, and the profits have reduced that to about a \$39,000,000 net loss.

Mr. HAYDEN. I think the Senator is mistaken about that. If I may read from the record on page 33 of the Senate committee hearings, I asked this question of Mr. Hutson:

Senator HAYDEN. Where have you had your principal losses? Take the wheat, for example; has that been handled at a loss?

Mr. HUTSON. The biggest item of loss in connection with the operations of the Commodity Credit Corporation is the sale of feed wheat.

Senator McKELLAR. How much did you lose in that?

Mr. HUTSON. The total losses on the sale of wheat during the past 2 years, through January 31, 1944, are approximately \$183,000,000.

That covered a 2-year period. We are only taking care of the combined losses up to a year ago.

Mr. WHERRY. If the Senator from Tennessee will further yield, that answers the question I asked, and this is the net loss. Over a period of time, it is true, we lost \$183,000,000 on wheat, but if we had not lost money on other activities and operations we might not have this deficit today. Is not that correct?

Mr. McKELLAR. I think the losses on wheat have been greater than on anything else. This is the large item. Other losses might have been made up out of profits, but this capped the climax so far as losses were concerned.

Mr. WHERRY. I think there is no defense, and I think Congress should appropriate whatever money is necessary to make up losses sustained on wheat, because we approved the action in the Congress, and, of course, we should pay the loss.

Mr. McKELLAR. We have to do it.

Mr. WHERRY. The point I wish to raise is that this net loss comes from other activities, in addition to that regarding wheat, and some of those activities, I think, should be brought up for consideration, if not at this time then during the consideration of deficiency bills which will come before us later, because it is a question whether those activities should be continued. One of them is the Regional Agricultural Credit Corporation. I should like to know how we are to make up the losses sustained in that respect.

Mr. McKELLAR. I think there is a great deal in what the Senator says.

Mr. WHERRY. I thank the Senator.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, under the subhead "Water fund," on page 68, line 17, after the word "funds," to strike out "\$2,117,100" and insert "\$2,123,100."

The amendment was agreed to.

The next amendment was, under the subhead "Division of expenses," on page 68, line 24, after the numerals "201", to strike out "\$135,676,249" and insert "\$135,682,249."

The amendment was agreed to.

The next amendment was, under the heading "Title III—Judgments and authorized claims—Property damage claims," on page 70, after line 20—

Mr. McKELLAR. Mr. President, I ask unanimous consent that the amendments covering auditing claims be agreed to en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 70, after line 20, to insert:

(b) For the payment of claims for damages to or losses of privately owned property adjusted and determined by the following respective departments and independent establishments, under the provisions of the act entitled "An act to provide a method for the settlement of claims arising against the Government of the United States in the sum not exceeding \$1,000 in any one case," approved December 28, 1922 (31 U. S. C. 215), as fully set forth in Senate Document No. 171, Seventy-eighth Congress, as follows:

Executive Office of the President:

Office for Emergency Management:

Division of Central Administrative Services, \$303.87;

Independent establishments:

National Advisory Committee for Aeronautics, \$65;

Federal Security Agency, \$1,408.15;

Department of the Interior, \$271.81;

Navy Department, \$4,707.17;

In all, \$6,756.

The PRESIDING OFFICER. The clerk will state the next amendment of the Committee on Appropriations.

The next amendment was, under the subhead "Judgments, United States courts," on page 71, line 24, after the word "in," to insert "Senate Document No. 168."

The amendment was agreed to.

The next amendment was, at the top of page 72, to strike out:

Federal Works Agency (Work Projects Administration), \$6,421.86.

The amendment was agreed to.

The next amendment was, on page 72, after line 2, to insert:

Federal Works Agency:

Public Buildings Administration, \$2,350;

Work Projects Administration, \$6,421.86.

The amendment was agreed to.

The next amendment was, on page 72, after line 5, to insert:

Navy Department, \$1,275.

The amendment was agreed to.

The next amendment was, on page 72, line 9, after the words "In all," to strike out "\$17,355.51" and insert "\$20,980.51."

The amendment was agreed to.

The next amendment was, under the subhead "Judgments, United States Court of Claims," on page 74, line 10, after the word "in," to insert "Senate Document No. 174, and."

The amendment was agreed to.

The next amendment was, on page 74, line 25, after "War Department," to strike out "\$114,627.54" and insert "\$124,024.91."

The amendment was agreed to.

The next amendment was, on page 75, line 1, after the words "In all," to strike out "\$526,560.06" and insert "\$535,957.43."

The amendment was agreed to.

The next amendment was, under the heading "Audited claims," on page 88, after line 23, to insert:

(b) For the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (31 U. S. C. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1941 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (5 U. S. C. 266), as fully set forth in Senate Document No. 173, Seventy-eighth Congress, there is appropriated as follows:

The Judiciary: For miscellaneous expenses, United States courts, 65 cents.

Independent Offices: For youth work and student aid, National Youth Administration, \$380.34.

For maintenance, National Institute of Health, Public Health Service, \$41.41.

For maintenance, National Cancer Institute, Public Health Service, \$56.14.

For general administrative expenses, Public Buildings Administration, \$14.50.

For salaries and expenses, public buildings outside the District of Columbia, Public Buildings Administration, \$4.95.

For salaries and expenses, Office of Administrator, Federal Works Agency, 80 cents.

For salaries and expenses, Veterans' Administration, \$2,908.75.

Department of Agriculture: For exportation and domestic consumption of agricultural commodities, Department of Agriculture, \$4,645.13.

For exportation and domestic consumption of agricultural commodities, Department of Agriculture (transfer to Federal Surplus Commodities Corporation), \$101.19.

For exportation and domestic consumption of agricultural commodities, Department of Agriculture (transfer to Federal Surplus Commodities Corporation, act of June 28, 1937), \$122.69.

For conservation and use of agricultural land resources, Department of Agriculture, \$120.72.

For salaries and expenses, Soil Conservation Service, \$36.96.

For liquidation and management of resettlement projects, Department of Agriculture, \$60.20.

Department of Commerce: For civilian pilot training, Office of Administrator of Civil Aeronautics, \$736.

Department of the Interior: For Civilian Conservation Corps (transfer to Interior, Indians), \$47.50.

For Indian Service supply fund, \$260.

For support of Indians and administration of Indian property, \$2,176.41.

For purchase and transportation of Indian supplies, \$67.90.

For conservation of health among Indians, \$77.22.

Department of Justice: For salaries and expenses of district attorneys, etc. Department of Justice, \$1.85.

For salaries and expenses, Lands Division, Department of Justice, \$50.

For miscellaneous salaries and expenses, field, Department of Justice, \$37.50.

Department of Labor: For miscellaneous expenses, Wage and Hour Division, Department of Labor, \$91.

Navy Department: For general expenses, Marine Corps, \$8,366.25.

For maintenance, Bureau of Ships, \$63,319.62.

For general expenses, Coast Guard (Navy), \$25.32.

For aviation, Navy, \$42,862.61.

For foreign-service pay adjustment, appreciation of foreign currencies (Navy), \$25.

For maintenance, Bureau of Supplies and Accounts, \$1,032.24.

For pay and allowances, Coast Guard (Navy), \$336.83.

For Naval Reserve, \$2,832.14.

For engineering, Navy, \$5,711.54.

For maintenance, Bureau of Yards and Docks, \$6,831.75.

For ordnance and ordnance stores, Navy, \$215,985.58.

For ordnance and ordnance stores, Bureau of Ordnance, \$399.93.

For pay, subsistence, and transportation, Navy, \$2,203.33.

Post Office Department—Postal Service (out of the postal revenues): For clerks, first- and second-class post offices, \$67.86.

For operating supplies for public buildings, Post Office Department, \$123.75.

For transportation of equipment and supplies, 98 cents.

Department of State: For emergencies arising in the Diplomatic and Consular Service, \$42.

War Department: For Air Corps, Army, \$8.90.

For Army transportation, \$4.09.

For working fund, War, ordnance, \$127.36.

For Civilian Conservation Corps (transfer to War), \$40.27.

Total, audited claims, section 304 (b), \$362,387.16, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency and interest as specified in certain of the settlements of the General Accounting Office.

The amendment was agreed to.

The next amendment was, under the heading "Title IV—General provisions," on page 93, after line 20, to insert:

SEC. 401. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation contained in this act shall be guilty of a felony and, upon conviction, shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penal clause shall be in addition to, and not in substitution for, any other provisions of existing law.

The amendment was agreed to.

The next amendment was, on page 94, line 15, to change the section number from 401 to 402.

The amendment was agreed to.

Mr. McKELLAR obtained the floor.

Mr. WHERRY. Will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. WHERRY. I ask that the Senate return to page 9, the item covering the National Housing Agency, and I should like to have the Senator from Tennessee give me an explanation of what that appropriation is for. I am sorry I was not in the Senate at the time the appropriation of \$7,500,000 was under consideration.

Mr. McKELLAR. Mr. President, the item is to make up the deficit for the present year, up to June 30. The Budget estimate of \$25,000,000 was reduced to \$7,500,000, or a reduction of \$17,500,000.

The war-housing program has been proceeding under a total authorization by the Congress of a billion, five hundred million dollars, of which one billion three hundred and fifty million has been appropriated, leaving an unappropriated authorization of \$150,000,000.

The Agency sent in an estimate of \$25,000,000, which was cut down to \$7,500,000 for the remainder of the year, and I think the committee acted wisely.

Mr. WHERRY. Is this for temporary housing, or permanent housing?

Mr. McKELLAR. It is for defense housing.

The PRESIDING OFFICER. The committee amendments have been concluded. The bill is open to further amendment.

Mr. McKELLAR. Mr. President, I send to the desk certain amendments which the committee has directed me to offer.

The PRESIDING OFFICER. The clerk will state the first amendment for the information of the Senate.

The CHIEF CLERK. On page 7, after line 14, it is proposed to insert the following:

The appropriation "Training for nurses, Public Health Service (national defense)",

in the Federal Security Agency Appropriation Act, 1944, is hereby made available, for the entire fiscal year, for transfer to and consolidation with appropriations of St. Elizabeths and Freedmen's Hospitals in such amounts as may be deemed necessary by the Federal Security Administrator to cover the cost of items furnished to student nurses in training under plans approved for such hospitals in accordance with the act of June 15, 1943 (Public Law 74), as amended.

Mr. McKELLAR. Mr. President, the amendment is designed to put the housing for the two hospitals mentioned on a parity with other housing.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I offer another amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 8, line 22, after the words "outplant facilities", it is proposed to insert "*Provided further*, That the limitation of \$40,000,000 contained in Public Law 150, Seventy-eighth Congress, approved July 15, 1943, on the total amount that may be allocated for contributions to public and private agencies for the maintenance and operation of public works after July 1, 1943, is hereby increased to \$65,000,000."

Mr. TAFT. Mr. President, I have no objection to the proposal to increase the limitation from \$40,000,000 to \$65,000,000, but I understand there is some question about raising it higher. I should be willing to go as high as \$70,000,000, if that is agreeable to the authors of the proposed amendment.

Mr. McKELLAR. So far as this item is concerned, \$65,000,000 was substituted for \$40,000,000, which increased the appropriation by \$25,000,000, and it was reported in that form by the committee. Since that time the Department has reported that it has allotted already some \$23,000,000 out of the \$65,000,000, and it would like to have as much as \$80,000,000.

The Senator from South Carolina and the Senator from Georgia asked me if I would be willing to raise the \$65,000,000 to \$75,000,000, and take it to conference, so that we could see exactly what has been allotted and what has been spent, and settle the matter in that way. I have no objection to the larger amount being taken to conference.

Mr. TAFT. Mr. President, members of the House committee, which has already approved an unlimited grant presumably, will be on the conference committee, so that I do not think there is much of a compromise in taking the matter to conference. Whatever would go to conference went out on a point of order in the House, but the House committee agreed to an unlimited range. I should like to speak on the subject before we finally reach a conclusion.

The purpose in the enactment of the Lanham Act originally was not that contemplated in the pending amendment, but the act was intended primarily for the construction of war public works. I was very much interested in securing the enactment of the law, and played an active part in getting it through the Senate. But let me list the activities

that were supposed to be undertaken under that act. Probably any activity is justified because the language is very broad in the first instance.

The act provides:

The term "public work" means any facility necessary for carrying on community life substantially expanded by the national defense program, but the activities authorized under this title shall be devoted primarily to schools, waterworks, sewers, sewage, garbage and refuse-disposal facilities, public sanitary facilities, works for the treatment and purification of water; hospitals and other places for the care of the sick, recreational facilities, and streets and access roads.

A good deal of the money proposed to be spent in this appropriation deals, in the first place, with the establishment of child-care centers, which are not in any way mentioned in the Lanham Act, except that they come under perhaps the general statement of facilities necessary to carrying on community life—rather a thin reed on which to rest this very large appropriation.

Further on in the act it is said that the Administration may make loans or grants and may make contributions "to public or private agencies for the maintenance and operation of public works, upon such terms and in such amounts as the Administrator may consider to be in the public interest."

It was felt that there might be districts where a school might be established, and where it might be necessary for a short time, until the locality was able to take it up and make its arrangements, for the Federal Government to help support that school district. It was purely incidental, and it was not considered an important part of the program.

Last spring, when we authorized \$250,000,000 more for this general purpose, this very general purpose, of spending Federal money throughout the country on everything and anything, we imposed a limitation of \$40,000,000 on operations, not because we did not feel these works should be operated, but because we felt that the localities should be able to take them over gradually and do the work themselves.

It is now proposed that the limitation be raised, and the estimate submitted by the Federal Works Agency proposed that, whereas they wanted to spend \$72,000,000 for public works, they wanted to spend \$70,000,000 for the operation of public works. That was the original program submitted to the House of Representatives. The House cut the total amount, and the Senate committee has also cut it.

Mr. President, there seems to be no reason to expand further the business of providing Federal funds for operating all kinds of local public works. Something has been said about 5,000,000 mothers being taken care of. The truth is there are only 50,000 mothers, as I understand from the testimony, who are really taken care of by this Federal job. The purpose of the appropriation, however, is not simply to continue this job, but it is to expand it and to provide more Federal grants for different public works. I do not see how a Federal grant can, strictly speaking, be made for a child-care center, for instance, which has not been built. The

original purpose of the Agency was to maintain public works which the Federal Government has provided. But there appears to be a constant expansion of grants for child care, for something local people are willing to do. Child care provides one of the greatest appeals to charitable organizations. It is something the local organization can well do.

Originally 10 percent of the Agency funds were spent for operations. Last year we authorized 20 percent for operations as against construction, whereas now request is made for a 50-percent grant for operations. There has been a gradual extension of grants for schools, for child care, and so forth. The actual amount proposed for schools out of this total appropriation is \$25,000,000, for child care \$22,000,000, for hospital operation \$8,000,000, for recreation \$11,000,000, for other types of activity \$1,800,000. The Agency has already spent about \$23,000,000 of the \$40,000,000 provided. If we now say, "All right, continue the projects which you are operating until June 1945 at a cost which you estimate to be \$42,800,000, and add the \$23,000,000 to make a total of \$65,800,000"—if we thus increase the \$40,000,000 to \$65,000,000, it will enable the continuation of every project which, through this Agency, is now being supported by the Federal Government, and it seems to me that is enough. I see no reason why we should go on expanding this Federal activity at a time when the localities are themselves quite willing to handle the problem, and when there are no great new centers in operation. Because of the fact that some Senators felt that the amount provided should be increased, I did not greatly object to adding \$5,000,000 to take care of extraordinary contingencies, but it seems to me that \$70,000,000 for operations is the very limit that we ought to provide. That will give, as I have said, \$5,000,000 for expansion in case there is some new center where the Government moves in, or some new plant. There are very few now being created, but there are one or two.

I hope very much that we may reach a compromise agreement of, let us say, \$70,000,000. The committee approved of only \$65,000,000. That is entirely satisfactory to me if it shall be the limit. But if we suspend the rule and enter the domain of legislation, and then the amount is to be raised to \$75,000,000 or \$80,000,000 or \$100,000,000, I would object to undertaking legislation on an appropriation bill.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MAYBANK. The reason I suggest increasing the amount provided in line 13 of the amendment from \$65,000,000 to \$75,000,000, is because the Senator from Georgia and I were told—and I dare say other Senators were also told—that the Agency had already allocated \$23,000,000 as the distinguished Senator from Ohio has stated. That would leave \$42,000,000 unallocated in case \$65,000,000 were provided.

Mr. TAFT. It would be \$47,000,000 in case \$70,000,000 were provided.

Mr. MAYBANK. Last year the program cost about \$50,000,000 on the same basis as that on which the Agency is now operating.

Mr. TAFT. Oh, no; the Senator is wrong about that.

Mr. MAYBANK. I am not familiar with what was spent last year, but I may say that the general counsel advised me only a few hours ago that the amount was \$50,000,000 and that it was now proposed to provide a sufficient amount to wind up the work. I am simply saying what was told to me.

Mr. TAFT. I understand. The figures set out on page 680 of the House hearings are very clear, and I make the statement without qualification that the Agency could continue operation of every existing project until June 30, 1945, if the limit were raised to \$65,000,000. If we add to that \$5,000,000 more to take care of possible emergencies I would be quite willing to agree.

Mr. MAYBANK. Mr. President, will the Senator yield again?

Mr. TAFT. I yield.

Mr. MAYBANK. Of course, as the Senator said, it is the desire of some individuals to take off the limit entirely, but the committee refused to permit that. Naturally I would not be willing to do so.

In view of the fact that I have been advised that \$50,000,000 would be needed to do the work on the same basis as last year, I wonder if the Senator would not be willing to split the difference between \$70,000,000 and \$75,000,000 and permit the Agency to have what we have been told is necessary to operate approximately the projects in existence today. Will the Senator agree to that?

Mr. TAFT. Seventy million dollars will give them more than they now have. On their own figures it will give them \$5,000,000 more than it would take to operate all their projects in the way of schools, child care, hospitals, and recreation until June 30, 1945.

Mr. MAYBANK. Mr. President, will the Senator yield again?

Mr. TAFT. I yield.

Mr. MAYBANK. We were advised that the total cost would be \$80,000,000. We were then distinctly told that \$23,000,000 of the money had already been allocated, and that they will have no chance to get any of it back. I wish the Senator would agree to split the difference between seventy and seventy-five million dollars, and let us take the matter to conference.

Mr. TAFT. I will be willing to split the difference and agree to \$70,000,000 instead of \$75,000,000.

Mr. MAYBANK. Why not let us agree to provide \$72,000,000, and then after the conferees have looked into the program, if they consider it proper, let them readjust it to \$70,000,000.

Mr. TAFT. No; I think \$70,000,000 is the limit we should provide. This is one of the Government agencies which is making numerous miscellaneous grants in all directions. The Agency bypasses the States. No one outside the agency passes on who shall receive the money. The program in question is a wholly inadequate one. If an individual who applies makes a hit with the Federal Works

Agency he receives the grant. If someone applies whom the Agency does not like, he does not receive a grant. There is no systematic program for doing this job. The organization was originally the W. P. A., which would like to have some excuse to continue through the war and possibly revive itself during the post-war period. That is what, in my opinion, is behind this constant expansion of Federal grants which were not intended in the original Lanham Act.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. McKELLAR. In the interest of peace and harmony I shall ask my friend the Senator from South Carolina [Mr. MAYBANK] to agree to the suggestion made by the Senator from Ohio [Mr. TAFT] and let us insert the sum of \$70,000,000 in the amendment. Will the Senator agree to that?

Mr. MAYBANK. Yes.

Mr. McKELLAR. Is that satisfactory to the Senator from Ohio?

Mr. TAFT. Yes, Mr. President, that is satisfactory.

The PRESIDING OFFICER. The amendment now pending carries in line 13 the figure "\$65,000,000."

Mr. McKELLAR. I ask unanimous consent to modify the amendment offered on behalf of the committee, so as to insert "\$70,000,000" in place of "\$65,000,000."

The PRESIDING OFFICER. Is there objection? Without objection, the amendment is modified accordingly.

The question is on agreeing to the amendment on page 8, in line 22, as modified.

The amendment, as modified, was agreed to.

Mr. TAFT. Mr. President, I wonder if while we are on this paragraph the Senator would permit the offering of one or two other amendments?

Mr. McKELLAR. Surely. Does the Senator propose amendments to the same paragraph?

Mr. TAFT. Yes.

Mr. McKELLAR. Very well.

Mr. TAFT. Mr. President, in lines 13 and 14, on page 8, and also in lines 16 and 17, on page 9, it is stated that the Lanham Act money is "to remain available during the continuance of the unlimited national emergency declared by the President on May 27, 1941." It is a long time since we referred to that declaration of national emergency, and I see no particular reason why we should recur to it or why an appropriation should have an unlimited scope of that sort. It ought to come to a definite end.

Therefore, Mr. President, I move that, on page 8, in lines 13 and 14, the words "during the continuance of the unlimited national emergency declared by the President on May 27, 1941," be stricken out and that the words "until June 30, 1945" be inserted, so that the provision will be effective for the remainder of this year and for the next fiscal year. I may say that the estimates submitted covered that period of time.

Mr. McKELLAR. I see no objection to making that change.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio. The amendment was agreed to.

Mr. TAFT. Mr. President, on page 9, lines 15, 16, and 17, I move that the words "during the continuance of the unlimited national emergency declared by the President on May 27, 1941" be stricken out and that the words "until June 30, 1945" be inserted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment offered by the Senator from Tennessee on behalf of the committee will be stated.

The CHIEF CLERK. On page 69, after line 15, and before the heading "Title III—Judgments and authorized claims," it is proposed to insert the following new section:

SEC. 203. No part of any appropriation contained in this or any other act shall be used to pay to regular, full-time civilian officers and employees, whose basic compensation is determined on a daily or hourly basis, overtime compensation, pursuant to the joint resolution of December 22, 1942 (56 Stat. 1068), and the act of May 7, 1943 (Public, No. 49, 78th Cong.), on any basis other than at the rate of 1½ times the basic rate of payment for work actually performed by such officers and employees in excess of 40 hours per week, without proration or the use of any formula which has been adopted to determine the daily compensation of per annum officers and employees; it being declared to be and to have been the true intent and meaning of the aforesaid enactments to provide for the payment of the overtime compensation of such employees only upon the basis herein described: *Provided*, That any overtime compensation in excess of the compensation so authorized under the above joint resolution and act which has been paid in reliance upon, and in accordance with, any decision or decisions of the Comptroller General is hereby approved and the Comptroller General shall allow credit therefor in the accounts of the officers accountable therefor, and shall make no charges against any certifying officer because of certification of such excess overtime compensation.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still open to amendment.

Mr. TAFT. Mr. President, there is one other matter I should like to mention with reference to the Federal Lanham Act funds. At the bottom of page 8 there is the proviso that "not more than \$7,500,000 of the funds for war public works shall be used for construction of outplant facilities." I myself doubt whether the Lanham Act authorizes the use of any money for outplant facilities. As I understand the matter, outplant facilities are intended to be store buildings for commercial use in areas around war plants where there do not happen to be any other stores.

Mr. McKELLAR. That is correct.

Mr. TAFT. As I understand the matter, the outplant facilities may sometimes be store buildings in which there may even be theaters. In fact, I have had certain persons write to me that they understood theaters were to be constructed as a part of the outplant facilities, near plants which perhaps are not very close to any town.

I think the policy is very doubtful. I move, as an amendment, that on page 8, in line 20, the figure "\$7,500,000" be stricken out, and that the figure "\$5,000,000" be inserted, so that the Senator from Tennessee can take the item to conference, in order that the matter may be open to discussion with the House conferees.

Mr. McKELLAR. I have no objection to taking it to the conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT].

The amendment was agreed to.

Mr. MILLIKIN. Mr. President, I should like to ask the senior Senator from Tennessee a question about title IV.

Mr. McKELLAR. Certainly. To what page does the Senator from Colorado refer?

Mr. MILLIKIN. To page 93, title IV. That provision constitutes a prohibition against the employment in the Federal service of disloyal persons.

Mr. McKELLAR. Such a provision has been carried in similar bills for a number of years, let me say to the Senator.

Mr. MILLIKIN. Yes. Information has come to me, and I hope it is correct, that the Civil Service Commission has been making quite a study of men charged with disloyal activities who are on the Government pay roll. Information has also come to me, and I hope it is incorrect, that the Civil Service Commission in making that study does not confront such persons with the evidence against them, but that it assembles affidavits and certain statements, listens to verbal statements and, although it withholds those matters from the accused, reaches a judgment on him, and in certain cases makes a recommendation that he is unsuitable for Government employment, without giving him a chance to confront the witnesses against him or to examine the testimony against him or to present evidence in his own behalf. As I stated, I hope that information is incorrect. Let me ask the senior Senator from Tennessee whether anything of that kind is contemplated as a permissible procedure under the title we are discussing.

Mr. McKELLAR. I take pleasure in saying that no one had it in contemplation; and it is not contemplated by any Member of this body or by any Member of the other body, in my judgment, that any such course shall be taken. I had not heard that it had been taken; but if it has been taken, it should be corrected. Of course, such persons should have the right to confront the witnesses against them before any action is taken.

Mr. MILLIKIN. I cannot vouch for the accuracy of the information which I have received, but I have questioned the Civil Service Commission with reference to a specific case. I am delighted to have the clarifying statement of the senior Senator from Tennessee.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill (H. R. 4346) was passed.

Mr. McKELLAR. I move that the Senate insist upon its amendments, request a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. HOLMAN, and Mr. BROOKS conferees on the part of the Senate.

ADDITIONAL COPIES OF MONOGRAPH 31, TEMPORARY NATIONAL ECONOMIC COMMITTEE: PATENTS AND FREE ENTERPRISE

Mr. HAYDEN. Mr. President, by direction of the Committee on Printing, I report favorably, without amendment, Senate Resolution 274, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The resolution will be read for the information of the Senate.

The resolution (S. Res. 274) was read, as follows:

Resolved, That in accordance with paragraph 3 of section 2 of the Printing Act approved March 1, 1907, the Committee on Patents of the Senate is hereby empowered to have printed for its use 700 additional copies of Monograph 31 of the Temporary National Economic Committee relative to patents and free enterprise.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

EXECUTIVE MESSAGES REFERRED

As in executive session.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

LEGISLATIVE PROGRAM

Mr. McKELLAR. Mr. President, if there is nothing further—

Mr. WHITE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. WHITE. I should like to ask the Senator from Tennessee what the program for tomorrow is.

Mr. McKELLAR. The Senate will meet tomorrow, and I understand there are several small matters to come up. I myself do not know exactly what they are.

Mr. WHITE. Are any appropriation bills to come up?

Mr. McKELLAR. No appropriation bills are to come up tomorrow. It may be that we shall have a conference report. I hope we shall.

Mr. WHITE. On what bill will the conference report be made?

Mr. McKELLAR. On the first deficiency appropriation bill, which the Senate has passed today.

Mr. WHITE. Very well.

RECESS

Mr. McKELLAR. I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 3 o'clock and 38 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, March 29, 1944, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate March 28 (legislative day of February 7), 1944:

DIPLOMATIC AND FOREIGN SERVICE

Walter C. Dowling, of Georgia, now a Foreign Service officer of class 7 and a secretary in the Diplomatic Service, to be also a consul of the United States of America.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY OF THE UNITED STATES

TO SIGNAL CORPS

Lt. Col. George Francis Wooley, Jr., Field Artillery (temporary colonel), with rank from December 11, 1942.

TO FIELD ARTILLERY

First Lt. Bidwell Moore, Infantry (temporary captain), with rank from June 11, 1943.

TO INFANTRY

Second Lt. Thomas Wilson Sharkey, Coast Artillery Corps (temporary major), with rank from June 11, 1941.

TO AIR CORPS

Second Lt. John Metcalf Broderick, Coast Artillery Corps (temporary first lieutenant), with rank from June 1, 1943.

Second Lt. Lyle Marvin Lappin, Infantry (temporary first lieutenant), with rank from January 19, 1943.

HOUSE OF REPRESENTATIVES

TUESDAY, MARCH 28, 1944

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore, Mr. McCORMACK.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou by whom we come to the eternal God, teach us the pathway of prayer; so often the clouds interrupt the vision and we fail to reach the mount. Thy inspiration is not confined to temples made with hands; we praise Thee that the doors of communion and fellowship are more than we can number or understand. Graciously accept us and breathe upon us Thy spirit of brotherhood. Do Thou acknowledge us to be one with the Father and grant that weakness may be made strength according to Thy promise.

Dear Lord, in this shuddering earth with its deep-rooted evils, arm us with the truth that Thy spiritual forces are infinitely more potent than that which is beheld by mortal eyes. Allow not our trust to collapse in the recoil of inaction. With Thy timeless truth stealing into the hearts of men, O take them out of their old tragic ways and lift them above

themselves. Let plans for self and comfort be crucified on the cross of conviction and use their lives fully from dawn to sunset in the intensity of a mighty faith. Help us all to seek the road which the Lord hath ordained for them who tread the mill of sacrifice and service. In the name of our Saviour who for the joy that was set before Him endured the cross. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. TOLAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a document entitled "Outline of Problems of Demobilization in California," by the California State Chamber of Commerce. It will take over three pages. I have an estimate from the Public Printer in the amount of \$135. I ask that this be included in the RECORD, notwithstanding the estimate of the Public Printer.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SULLIVAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a newspaper article on prices of gold and silver in foreign markets induce confidence in United States advance.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. LANE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Appendix of the RECORD on four different matters, and in the first to include an editorial which appeared in the Boston Daily Globe on March 17 of this year entitled "Light on O. P. A."; in the second to include an article that appeared in the Pilot, published in the city of Boston, Mass., on March 18 of this year, entitled "After They Leave the Fox Holes"; in the third to include an article that appeared in the Jeffersonian, published in Boston, Mass., entitled "Democrat of the Month," which refers to Mr. Eugene T. Kinnally, secretary to majority leader, Congressman JOHN W. McCORMACK; and in the fourth to include a speech that I delivered before the Chelsea Scientist Emergency Council, Chelsea High School auditorium, Chelsea, Mass., on March 22.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

(Mr. McCREGOR asked and was given permission to extend his remarks in the RECORD.)

Mr. POULSON. Mr. Speaker, I have three unanimous-consent requests: One, to revise and extend my remarks in the RECORD and include therein an editorial from the Los Angeles Daily News and also to include a letter from the United States Department of Agriculture, Agricultural Adjustment Administration, as well as affidavits and letters from the California Cattlemen's Association, all of it on the subject matter of coercion

which has been brought up on the floor recently in the last bill presented. The Government Printing Office has estimated that this will cost \$105. Notwithstanding the estimate of the Public Printer, I ask that this be printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

FOOD RATIONING

Mr. HARTLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HARTLEY. Mr. Speaker, I have here an advertisement which says, "Buy All You Want. Rationing Suspended. No Coupons. Buy Your Favorite Roasts, Steaks, Cuts, Prime Commercial Beef, Sirloin Steaks, 39 Cents a Pound. Round Steak, 35 Cents a Pound. Short Rib Roast, 29 Cents a Pound." In addition, there is listed almost every kind of meat. No points are necessary. No black market prevails.

Do not become jubilant about this, however, because it does not come from a paper in the United States. It is from a Canadian paper. I rise to ask the question: If Canada, under efficient management, can do this with meat and shoes, and can give their motorists a better break in gasoline allowances than we get in the United States, and when we further consider that much of these products come from the United States; when are we going to see an end to administrative muscle-dancing on rationing in the United States, and some common sense put into the program?

EXTENSION OF REMARKS

Mr. WILSON. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD an article entitled "Inside Your Congress," written by the Honorable Samuel B. Pettengill, former Member from the Third Congressional District of Indiana.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SHORTAGE OF HIDES

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I am pressed to take the floor today not to alarm this House but to point out to the individual Members that before long your constituents are going barefooted, and I say that because 4,000,000 hides—

Mr. RANKIN. Mr. Speaker, if the gentleman will yield, the weather will be warm soon.

Mr. EDWIN ARTHUR HALL. That is all right, but 4,000,000 hides are necessary to make the shoes which must be

manufactured this next year. The civilian and military quotas are short that number, yet there are 83,000,000 head of cattle roaming around the country at this time.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. EDWIN ARTHUR HALL. I yield to the gentleman from Mississippi.

Mr. RANKIN. I suggest you take that proposition of going without shoes up with the Secretary of Labor.

Mr. EDWIN ARTHUR HALL. I just want to warn the gentleman that his constituents are going barefooted if something is not done very soon. Besides, Madam Perkins has nothing to do with this. The New Deal has made it impossible for ranchers to sell their cattle. What the Government should immediately advocate is the slaughter of at least 4,000,000 head so that shoe manufacturers can go ahead meeting the leather and shoe requirements of the Nation. American soldiers and American civilians must have shoes to win the war.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

FOOD RATIONING

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GROSS. Mr. Speaker, in reference to the remarks of the gentleman from New Jersey [Mr. HARTLEY] with regard to the prices of food in Canada, this morning I received a letter from a sister of mine who has lived in Quebec for a number of years.

She says in part:

We feel little or no effect from the war. Rationing has not reached us. What has become of the American spirit? With the things we hear over the radio and read in the Canadian newspapers, we wonder what has become of the great American spirit that I know used to predominate in Congress.

Why doesn't any one or group arise and demand an explanation for the President's stubborn refusal to recognize de Gaulle who represents the democratic spirit of France. Would the President dare admit to the world that he has completely sold out America. Who is controlling the radio and the news. Why does the President seek to destroy nazi-ism in Germany and establish fascism in France and Italy?

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS. Mr. Speaker, I should like to have the attention of the gentleman from New Jersey [Mr. HARTLEY], because I think I can answer his question.

The confusion created by those in charge of the administration of our food problems steadily increases until now it appears that the whole matter is

getting out of hand. While we have more cattle in this country than ever before, War Food Administration officials now decree there is to be a further curtailment in meat for civilian consumption during the next 3 months. At the same time many carloads of canned goods, eggs, cabbage, and other foods in the hands of the Government are being given away free and will continue to be distributed to prevent deterioration. Carload after carload is being given free to various institutions throughout the country without requiring ration points for the same. We are to be given a little more butter, probably because it was admitted in testimony before a Senate committee within the past week that 35,000,000 pounds of butter had spoiled and must be renovated.

All this proves the necessity for placing all the food activities of the Government under one responsible head, as is provided in the Fulmer bill and the Jenkins bill, as advocated by the Republican Congressional Food Study Committee.

There is pending before the Committee on Agriculture a bill sponsored by the Republican Congressional Food Study Committee and introduced by the gentleman from California, Congressman JOHN PHILLIPS, H. R. 4275, which should be immediately considered and passed because it will remedy this whole situation of Government food surpluses. The Phillips bill will give authority with responsibility for the orderly distribution of these Government food surpluses and will tend to bring order out of the chaos being created.

1942 MODEL AUTOMOBILES

Mr. BENDER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Speaker, some 2 years ago, in the name of the war effort the sale of automobiles was forbidden and thousands of automobiles were placed in what amounted to dead storage. The argument was advanced that no one could predict the course of the war and the possible necessity of using this potential reservoir of mobile transportation in the war effort.

Months have gone by now and the Government apparently has so many jeeps on hand that it has even permitted some of them to be sold to private purchasers. Meanwhile, almost forgotten in the preoccupation of our Government officials with the thousand and one details of the war effort, the 1942 model automobile with its deteriorating rubber tires reposes unseen and unheard in thousands of warehouses and on musty floors above once-exciting show rooms in every city in the land.

And simultaneously, thousands of used cars, some of them scarcely fit for further use, are being sold to a public clamoring for means of transportation. Certainly it is clear that we shall not need these cars in the war effort. They should be released to the public.

EXTENSION OF REMARKS

Mr. DWORSHAK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an editorial from the Idaho Statesman.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a radio address delivered by me last Saturday night.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BLAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on America's Answer to the Civil Aeronautics Board.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Vermont [Mr. PLUMLEY] be permitted to extend his own remarks in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

WASHINGTON, MASS., FIRST TOWN IN UNITED STATES TO BE NAMED AFTER GEORGE WASHINGTON

Mr. CLASON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include therein a newspaper article from a Boston paper.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[Mr. CLASON addressed the House. His remarks appear in the Appendix.]

CALENDAR WEDNESDAY BUSINESS

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

COMMITTEE ON WORLD WAR VETERANS' LEGISLATION

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the Committee on World War Veterans' Legislation may be permitted to sit this afternoon during the session of the House, including general debate on the naval construction bill; but not its consideration under the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

EXTENSION OF REMARKS

Mr. EPPERHARTER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include

therein a letter which appeared in the New York Herald Tribune of March 26.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

SELECT COMMITTEE ON POST-WAR MILITARY POLICY

Mr. COLMER. Mr. Speaker, I call up House Resolution 465, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there is hereby established a select committee to be known as the "Committee on Post-war Military Policy," to be composed of 21 Representatives to be appointed by the Speaker as follows: 7 members of the Committee on Military Affairs, 7 members of the Committee on Navy Affairs, and 7 Representatives who are not members of either such committee. A vacancy in the committee shall be filled in the same manner in which the original appointment was made.

SEC. 2. It shall be the duty of the committee, acting as a whole or by subcommittee, to investigate all matters relating to the post-war military requirements of the United States; to gather information, plans, and suggestions from informed sources with respect to such military requirements; to study the plans and suggestions received; and to report to the House (or to the Clerk of the House if the House is not in session) from time to time during the present Congress the results of findings made and conclusions reached.

SEC. 3. (a) For the purposes of this resolution, the committee (1) may employ such experts and such clerical, stenographic, and other assistants, as it deems necessary for the performance of its duties, and (2) may request such information and assistance (including the services of personnel) from departments and independent agencies of the Government as it deems necessary.

(b) The committee, or any subcommittee thereof, in carrying out this resolution, is authorized to sit and act during the present Congress at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, to take such testimony, and to have such printing and binding done, as it deems necessary. Subpoenas may be issued under the signature of the chairman of the committee or any member designated by him, and may be served by any person designated by such chairman or member.

Mr. COLMER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLMER: On page 1, line 3, strike out "twenty-one" and insert "twenty-three", and in line 6, strike out "seven" and insert "nine."

The amendment was agreed to.

Mr. COLMER. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. FISH], and pending that I yield myself 5 minutes.

Mr. Speaker, this resolution is a resolution to set up a select committee to study one thing and one thing alone. That is, the post-war military affairs of this country. About 6 weeks ago this House set up a special committee known as a House Special Committee on Post-War Policy and Planning. That resolution was broad enough to cover every phase of the post-war problems which we will be called upon to face. It was broad enough to cover, and did cover, the substance of the resolution that is before you today. But this resolution would take from that committee the one thing, the specific thing, as I say, of post-war military policy. There should not be any misunderstanding about that. When the gentlemen who were sponsoring this resolution were before the Committee on Rules, that question was gone into. The able gentleman from New York [Mr. WADSWORTH], one of the sponsors of this resolution, made it very plain that that was the objective sought by this study. As chairman of the other select committee that was set up by the House about 6 weeks ago, to which I referred, I want to say that I welcomed this resolution and I am sure the committee of which I have the honor to be chairman, also welcomes this resolution because here is a specific technical thing to be considered, and it is of sufficient importance to require the time and the effort and the study of a special or a select committee for that purpose. This resolution as amended calls for the appointment by the Speaker of 23 Representatives of the House, 7 members from the Committee on Military Affairs, and 7 from the Committee on Naval Affairs; and the balance to be made up of Members of the House at large.

Sometimes I wonder if in all of this post-war planning we are not prone to feel that we have won the war and that all we have to do now is to look to the post-war problems. Of course, that is not so. We all realize that we are in the throes of a gigantic, global warfare and that our first objective is to win that war. But it is as equally important for us to consider the problems which will confront the country after the war as it is to win the war, because if we win the war and win the peace, but lose our economic stability, most anything can happen in this country. I think that this committee, which I think you are going to approve here today, together with the committee to which I referred a moment ago on post-war policy and planning, are two of the most important committees that will have been set up by this House.

Mr. HARE. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to my distinguished friend from South Carolina.

Mr. HARE. I assume the gentleman in formulating this resolution to appoint Members of the Congress to formulate a program had in mind that this committee would be responsible to the public for its acts and would be at any time called upon to discharge its responsibility, instead of appointing a committee of civilians elsewhere who would not be respon-

sible to the public and therefore would not be responsible for any failure it might make in a program suggested to the Congress.

Mr. COLMER. Quite so, I will say to the gentleman from South Carolina, just as every other committee of the Congress is responsible to the people. And they are the proper persons to be responsible to the people of the country. I shall not detain you longer on this except to say I have great and abiding confidence in the gentlemen who, I understand, will be appointed by the Speaker when this resolution is adopted to carry out this program. I believe they are going to do a good job and I am not going to try to tell them now how to do it because I have enough problems of my own.

Mr. Speaker, I reserve the balance of my time.

Mr. FISH. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this resolution provides for the creation of a special committee of 23 Members of the House to be appointed by the Speaker to formulate, after a study, a military and naval policy for our country after the war. To that extent I am heartily in favor of the resolution, because I think it is the duty of the Congress to formulate the military and naval policies right here in the House and in the Senate. The question, of course, arises, Is it necessary? We have a Committee on Military Affairs and we have a Committee on Naval Affairs, whose functions are to establish such policies and to ascertain the requirements of the Army and Navy and also of the Air Force. I see one main objective for this committee by which it can render a great service to the country. I hope that the Members will concentrate their efforts on a survey as to the feasibility of establishing one single department of national defense after the war. It is probably too late now to put it into effect during the war, and I do not believe it is the function of this committee, because it is a post-war committee, to recommend the establishment of a single department of national defense at the present time. This proposed committee has no legislative powers and can merely recommend measures, not report them to the House. It will also have the right to suggest, if after a careful study it so determines, that there be only one committee in the House on national defense and to do away with the Committee on Naval Affairs and the Committee on Military Affairs and combine them into one great policy committee. That is the general purpose of the present resolution. Today our commanders in chief, commanders like General MacArthur, in his area, command not alone the infantry and artillery and the Army units but the Navy and Air Force as well. It applies to other generals, to General Eisenhower in England, who commands the entire British Army and our own Army in England and the Air Force and Navy as well. Taking that as a precedent, it seems to me we should have one single committee in the House on national defense, and one single department in the Government. I

believe that is inevitable, because it is logical and sound and has proven to be almost a necessity in this war.

I hope this committee will have that as one of its main objectives, and if it is found desirable, to make such a report to the Congress. I hope the committee will not feel that it is a necessity at this time to consider the question of putting into effect a post-war universal military service law. That should go over until the war has been won. Then the conditions will be entirely different. We will not then be in the midst of war, in the hysteria of war. The question of imposing upon the American people universal military service and the drafting of some 2,000,000 boys annually, should, therefore, be delayed until the war has been won and we know exactly what the peace situation is in the world. We are fighting to crush militarism. We are fighting to crush the German Army and the Japanese Navy and all the armed forces of aggressor nations. Therefore, we should not rush in now to build up a huge peacetime armament until we know the conditions in the world after victory has been achieved.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Speaker, I yield myself 5 additional minutes.

I think we will all agree on one thing in the House, Republicans and Democrats, that we will require a large navy even in time of peace, as a guaranty of world peace. We are all united and determined on winning the war. We do not know whether it will be won in a year or 2 years, but we are confident that we will win the war, and we probably agree that we must maintain a large navy afterward. I would like to have us maintain a Navy greater than the British Navy, or greater than any single navy in the world. I would like to see us maintain an air force greater than any air force in the world. But when it comes to having a huge Army, when it comes to copying the warlike nations of Europe who have become involved in one war after another, due in large part to their militarism, when it comes to invoking that precedent of universal military service upon which European militarism is based, I hope it will go over until after the war. Of course, this committee can only recommend. Its recommendations must come back to the Naval Affairs Committee and to the Military Affairs Committee for their determination, and the Congress in the last analysis, will be the judges of what military policy will be best for the country.

In the Rules Committee, this morning we had the head of the O. W. I., Mr. Elmer Davis, before us. As a minority member I want to say that he made a fine impression, at least, upon me, as he answered our questions openly and fully. I asked him if there was any conflict between the Office of Strategic Services and the Office of War Information and he claimed there was not. Then I asked him why it was that the morale branch of the Army is headed by a major general—a man of the highest character, whom I have known for over 40 years, a man who

comes from my old election district; but a man who never had 1 day's service in the Army in any war—and why on the other hand such a gallant soldier as William J. Donovan, one of the heroes of the last war, who won a Medal of Honor, and was a fighting colonel of the famous Fighting 69th Irish Regiment from New York, should, as the head of the Office of Strategic Services, whose functions are world wide in scope, be only a brigadier general. If the head of the morale division of the Army, a former civilian, without any war service, is made a major general, then Bill Donovan ought to be a lieutenant general. Who is responsible for this discrimination? I propose to ask the Military Affairs Committee to look into the situation and give us the facts.

I would like to know from some of these military experts around here why he has not been promoted not only to a major general but possibly to a lieutenant general. I am afraid that this proposed committee which deals with post-war problems will not be allowed to investigate that. We ought to get the facts now and not have to wait until the war is over.

Mr. Speaker, this committee is purely for post-war requirements, and to establish a post-war policy. I do not think it conflicts with the committee which the House recently created, headed by the gentleman from Mississippi [Mr. COLMER] as chairman.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. FISH. I yield myself 2 additional minutes. I do not think it conflicts with that Committee on Post-war Economic Planning and Policy except perhaps in one instance, and I am sure our committee would have no objection to their investigating that—the needs of the Army and the Navy for surplus war supplies and for warehouses to take care of their requirements for strategic metals, stock piles, and such after the war. It is only in that instance that I see any conflict at all between this committee and the Committee on Post-War Economic Policy and Planning. It is a small detail and there is no reason why the proposed committee should not study the requirements of the Army and the Navy so that they might have all the surplus war supplies and the strategic materials they need for defensive purposes, and stock piles and warehouses and other buildings that may be necessary.

Mr. MUNDT. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes. I yield to the gentleman.

Mr. MUNDT. I agree that this committee is one which, in my opinion, should be established, and there is no conflict between this committee and the Colmer committee, which I think was another wise move. I wonder if the gentleman does not agree with me that we should complete this triangle by passing House Resolution No. 28, which I introduced on the opening day of this Congress, to provide for post-war planning from the standpoint of the peace, and the standpoint of international relations

and domestic problems as they interweave with each other after the war.

Mr. FISH. I want to answer the gentleman on that. I do not think they are on parallel grounds. This has to do with establishing a military and naval policy. Why should not the Congress establish the military and naval policy of the country? In fact, it is their duty to do that. If the Military Affairs Committee and the Naval Affairs Committee do not do it, certainly this committee should do it.

Now when it comes to peace, it is not the function of the Congress of the United States to negotiate a peace treaty. That is purely the function of the Executive branch.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. FISH. I yield myself 3 additional minutes.

That is the function of the Executive branch of the Government alone. Further, I want to say to my distinguished colleague, with whom I generally agree, that I am not at all certain whether we would accomplish anything by discussing peace terms at the present time, or by trying to solve the peace problems before we have won the war. Until you know the war and peace aims of the Soviet Government and the British Empire, it seems to me it would be a waste of time trying to formulate any peace terms of our own.

Mr. MUNDT. Does not the gentleman feel that perhaps the British Government and the Russian Government would also like to know more about the peace aims and the war aims of our Government?

Mr. FISH. The Congress of the United States cannot declare a policy regarding peace terms. They have passed the Fulbright resolution stating they are willing to cooperate internationally to try to promote world peace; that is as far as the Congress can go.

Mr. MUNDT. That is a beautiful general theory.

Mr. FISH. That is about all there is to it.

Mr. MUNDT. But that does not get down to details, does not get down to principles of a policy.

Mr. FISH. How can you do it?

Mr. MUNDT. And the peace which is to be written is to be written with the advice and consent of the Congress, especially the Senate. There is nothing in the Constitution to imply that peace terms are to be made except after confirmation of the treaty.

Mr. FISH. I wish I could agree with the gentleman. I wish Congress had some power in negotiating the peace terms, but it has no such power—the President of the United States negotiates the peace terms under the Constitution.

Mr. MUNDT. With the advice and consent of the Senate.

Mr. FISH. And it must be ratified by the Senate. We cannot initiate it.

I asked a very simple question today in the Committee on Rules of Mr. Davis, head of the O. W. I. I asked if in his propaganda broadcasts he included the

Atlantic Charter, I asked him if the Atlantic Charter was still alive. The Atlantic Charter was supposed to be the basis for peace terms, and yet Mr. Davis did not know whether it was still alive or not. Evidently the Atlantic Charter is dead already. This to me is a most pathetic situation. We announced a peace policy based on the Atlantic Charter. The President had a right to announce it. He had planned it, but now it is practically repudiated and no one in executive authority upholds it anymore. How can we in Congress proclaim a peace policy when the very one proclaimed by the President is already cast aside even before the war is over and is evidently a corpse?

Mr. MUNDT. Maybe that is just another argument for setting up some such post-war planning commission as I have in mind, not to initiate peace negotiations but to establish principles and policies on which this country will cooperate with the rest of the world after the war.

Mr. FISH. We have already made a statement of general principles. I do not think we can go any further than the Fulbright resolution.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Speaker, I yield myself 2 additional minutes.

Mr. McMURRAY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. McMURRAY. Will the gentleman from New York give us specific evidence that the Atlantic Charter is not still alive?

Mr. FISH. I hope very much it is alive, but I have been trying to find it, I have been looking for it for the last 6 months, but cannot find it. I am, therefore, inclined to believe that it has either been buried and is actually dead or is hidden away somewhere. The gentleman asks for specific evidence; I will give him some.

The Atlantic Charter stated in so many words that small, independent nations should be protected against aggression, and should be allowed to determine their own form of government, and that they should not lose any of their territory. That is practically what the Atlantic Charter said. We find, however, according to the press—because we can get no information in Congress on our diplomatic commitments—that agreements have been entered into that Poland is to sacrifice a part of her territory. Of all countries, Poland. War was declared in 1939 on the basis that Poland was to be protected in its territorial integrity and national independence. That was the official reason given for going to war against Germany, the aggressor nation. Under the Atlantic Charter Poland, the Baltic states, and the Balkans were all to be protected in their sovereignty and their independence against aggression. Now we find, according to the press, at least, because none of us here are in the confidence of those who attended the Cairo, Moscow, and Teheran Conferences, that these small, sovereign, and independent nations are to be sacrificed.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. FISH. Mr. Speaker, I yield myself 2 additional minutes.

Mr. McMURRAY. If I may, I wish to refer briefly to the Atlantic Charter. It was promulgated by the Prime Minister of Great Britain and the President of the United States. The President of the United States has the right and the duty to state what our foreign policy is to be with, of course, the advice and consent of the Senate, if treaties are involved, as was brought out by the gentleman. They said first that their countries, that is Great Britain and the United States, seek no aggrandizement, territorial or other; and, second, they desire to see no territorial changes that do not accord with the freely expressed wishes of the people concerned. There is no statement in the charter that there will be no territorial changes, but "no territorial changes that do not accord with the freely expressed wishes of the people concerned."

Mr. FISH. That is exactly what I said. It was a declaration of policy made by the President of the United States and Mr. Churchill on board a ship somewhere at sea 2 or 3 months before we got in the war, I think in August of 1941. Since then the Soviet Government ratified it, but since ratifying it, the Soviet Government is demanding a part of Poland and apparently is to have the Baltic nations and probably some of the Balkans, as well.

Mr. McMURRAY. But has the President of the United States or the Secretary of State made any statement on those claims?

Mr. FISH. The Soviet Government has publicly stated its intentions in defiance of the Atlantic Charter. Has the President of the United States or any official of the State Department so far repudiated the Soviet claims and stated our policy, that we did not propose that these small independent nations shall be partitioned or despoiled of their territory?

Mr. McMURRAY. Nor has the President approved it.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. FISH. Mr. Speaker, I yield 1 minute to the gentleman from South Dakota [Mr. CASE].

MILITARY RADIO INTELLIGENCE

Mr. CASE. Mr. Speaker, in connection with the determination of a proper post-war military policy for the country, consideration should be given to the question that has arisen as to who should handle military radio intelligence, the Army and the Navy, or the Federal Communications Commission.

This question thrust itself upon Congress during the hearings on the appropriations for fiscal 1945 for the Federal Communications Commission before the Appropriations Subcommittee for Independent Offices. There was brought to the attention of the committee the following letter by Admiral William D. Leahy for the Joint Chiefs of Staff, to

the Secretary of the Navy, under date of February 1, 1943:

MY DEAR MR. SECRETARY: In response to your memorandum to the Joint Chiefs of Staff, dated September 11, 1942, on the subject of responsibility for the conduct of security of military communication activities, the Joint Chiefs of Staff have had made a thorough and comprehensive study of the problems referred to therein in which full consideration has been given to the views of the military and naval commanders in the field who are charged with responsibility for military action based on radio intelligence. A summary of the findings is given in the following paragraphs:

In general, radio intelligence is the method of determining the enemy's plans and dispositions through observation of his radio communications. The facilities used for this are also used to assist our own forces through monitoring of communications channels to enforce security standards and to render assistance to our own craft.

Both the Army and Navy are engaged in radio intelligence and related activities. In addition, the Federal Communications Commission has set up an elaborate system of its own which is engaged in—

- (a) the location of enemy units at sea and abroad;
- (b) the interception of enemy army, navy, and diplomatic traffic;
- (c) the location of clandestine stations;
- (d) the giving of bearing aids to lost planes;
- (e) the maintenance of a marine watch at distress frequencies; and
- (f) the monitoring of military radio circuits. These activities of the Federal Communications Commission are constantly expanding and are a substantial drain upon available material and personnel.

Radio-intelligence activities of the Federal Communications Commission tend to be less and less useful as the art progresses. This is due to integration into proper radio-intelligence systems of large quantities of secret military information accumulated through special processes by the armed forces, including exchanges of military information with our allies, knowledge of present and proposed disposition of forces, and other special information which for obvious reasons cannot be disseminated to an agency such as the Federal Communications Commission.

Moreover, information obtained by the Federal Communications Commission through its own radio-intelligence activities is not, in the military sense, secure, due to inherent tendencies toward publicity of Federal Communications Commission activities, use of nonsecure methods of reporting and correlation, and the necessarily close relationship of the Federal Communications Commission military intelligence activity with other phases of the agency's work.

Because of the essential differences between military and Federal Communications Commission standards and methods it has not been possible to integrate their information, with the result that the attempted duplication by the Federal Communications Commission of work that is being more effectively done by the military has in fact endangered the effectiveness and security of military radio intelligence.

In view of the foregoing it is concluded that the better prosecution of the war will be served by terminating all military and quasi-military radio intelligence activities of the Federal Communications Commission and confining such activities to the Army and Navy.

Since the Army's present need for personnel and equipment in the field of radio intelligence is greater than that of the Navy, all of the radio-intelligence facilities of the Federal Communications Commission should

forthwith be transferred to the Army entirely. The personnel of the Federal Communications Commission heretofore engaged in radio intelligence should be made available initially as civilian employees of the Army, pending decision by the Army as to which shall be placed in military status, which replaced by military personnel, and which would be best retained in the Army as civilian employees.

The foregoing conclusions are supported by the views of the Army and Navy commanders in the field who are charged with responsibility for military action based on radio intelligence.

The Joint Chiefs of Staff therefore request the Secretaries of War and Navy to join in a recommendation to the President that he transfer to the Army personnel and equipment now used by the Federal Communications Commission in the field of radio intelligence. A proposed Executive order is enclosed.

From the standpoint of the present problem the promulgation of this Executive order would leave the Federal Communications Commission in the radio field, with the responsibility for monitoring, processing, and disseminating foreign voice, news, and propaganda broadcasts (its Foreign Broadcast Intelligence Service), the monitoring and inspection of stations licensed under the Communications Act of 1934, all necessary licensing procedures, including revocation and suspension, and the institution of prosecutions of licensed stations and operators for violations of treaty, statute, or regulations.

The Army and Navy (in accordance with divisions of function between themselves) would have full and exclusive responsibility for the conduct of military radio intelligence as described in the present report.

Sincerely yours,

WILLIAM D. LEAHY,
Admiral, United States Navy,
Chief of Staff to the Commander
in Chief of the Army and Navy
(For the Joint Chiefs of Staff).

PROPOSED EXECUTIVE ORDER

TRANSFERRING RADIO INTELLIGENCE FUNCTIONS TO THE WAR AND NAVY DEPARTMENTS

By virtue of the authority vested in me by title I of the First War Powers Act, 1941, approved December 18, 1941, as President of the United States and Commander in Chief of the Army and Navy, it is hereby ordered as follows:

1. All functions, powers, and duties of the Federal Communications Commission in the field of radio intelligence and particularly in the conduct of direction-finding activities; the location of enemy radio transmissions abroad and at sea; the interception of radio traffic of foreign countries (excluding voice broadcasting); the detection, location, and suppression of clandestine or illegal stations, both abroad and within the limits of the United States, its Territories and possessions and the areas occupied by its armed forces; the giving of radio and direction-finding navigational aids to vessels and aircraft; the monitoring of United States Army and Navy communications circuits and the maintenance of distress-frequency watches are transferred to the Departments of War and Navy in accordance with distribution of functions established between them.

2. All records and property (including radio transmitting and receiving equipment) and all personnel of the Federal Communications Commission used primarily in the performance and administration of the functions transferred by this order are transferred to the War Department for use in the performance and administration of functions transferred by this order, but any personnel so transferred who are found by the War Department to be in excess of the personnel necessary for the performance and

administration of such functions, powers, and duties shall be retransferred under existing law to other positions in the Government or separated from the service. So far as possible, personnel transferred who are found qualified therefor shall be placed in a military status.

3. So much of the unexpended balance of the appropriations or other funds available, including those available for the fiscal year ending June 30, 1943, to the Federal Communications Commission in the exercise of functions transferred by this order as the Director of the Budget, with the approval of the President, shall determine, shall be transferred to the War Department for use in connection with the exercise of functions so transferred. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations or other funds prior to the transfer.

THE WHITE HOUSE, February —, 1943.

It was then brought to the attention of the committee that on February 8, 1943, the letter of Admiral Leahy and the proposed Executive order were transmitted to the President by a joint letter of the Secretary of War and the Secretary of the Navy, reading as follows:

The President,

The White House, Washington, D. C.

DEAR MR. PRESIDENT: We join with the United States Chiefs of Staff in recommending that you promulgate the attached Executive order transferring from the Federal Communications Commission to the Department of War certain radio-intelligence functions.

Through radio-intelligence activities, the military forces of the United States and our allies obtain military information of the utmost importance. Radio intelligence is an important military weapon.

Participation by the Federal Communications Commission in radio intelligence should be discontinued, because:

Since radio intelligence develops information as to the movements and dispositions of the enemy, it is essential, for reasons of coordination and security, that there be full military control;

Since the responsibility for military action rests with the armed forces, the responsibility for obtaining the technical information governing that action must also be in the armed forces;

Military activities have been hampered by severe shortages of trained personnel and critical equipment essential to radio intelligence.

The Secretary of the Navy, on September 11, 1942, requested the Joint Chiefs of Staff to study the problem of responsibility and security of radio intelligence. The Joint Chiefs of Staff have made a thorough and comprehensive study, and their response, based on that study, is attached hereto. They, as well as the responsible military commanders in the field, are of the belief that radio intelligence, the location of clandestine stations, the supervision of military communications security and related activities must, in their very nature, be under the sole control of the military forces.

Enclosed herewith is a copy of a letter from Admiral Leahy recommending this action.

Yours respectfully,

FRANK KNOX,
Secretary of the Navy.
HENRY L. STIMSON,
Secretary of War.

Mr. James Lawrence Fly, the Chairman of the Federal Communications Commission, during questioning by the gentleman from Alabama [Mr. STARNES],

sought to have the committee refrain from asking questions on the matter on the grounds that it was a closed subject, the President having declined to take the action requested by the Joint Chiefs of Staff and the Secretaries of the Army and Navy. When the committee, however, indicated that it did desire to consider the matter in relation to the advisability of making appropriations, in view of the statement by the Chiefs of Staff that duplication of functions was involved as well as the security of military intelligence, Mr. Fly asked that the record include the following letter by the President:

SEPTEMBER 7, 1943.

The honorable the SECRETARY OF THE NAVY.

DEAR MR. SECRETARY: This is in response to your letter of February 8, 1943, signed by you and Secretary Stimson proposing an Executive order transferring the radio intelligence functions of the Federal Communications Commission to the War and Navy Departments. Your suggestion has been given careful study by the staff of the Executive Offices. After full consideration I have determined that the transfer should not be made.

The work of the Radio Intelligence Division of the Commission was founded upon the long existing radio-monitoring functions carried on by the Commission as a part of its essential peacetime work. The need for the expansion of these functions was brought to my attention prior to our entry into the war and I approved the general set-up. Expansion has been made to meet the wartime needs of the Commission itself and of other agencies of the Government.

The Radio Intelligence Division serves important wartime needs of several of the civilian Government agencies in the radio intelligence field, including the State Department, the Federal Bureau of Investigation, the Office of Censorship, the Bureau of Economic Warfare, the Weather Bureau, the Coordinator of Inter-American Affairs, and others. In addition, I understand that the Commission stands ready to perform for the Army and Navy such services as are expressly requested by them. The Commission and its Chairman have expressed to me their desire to cooperate with the Army and Navy in every possible way.

It is my desire that matters of the kind presented by the present proposal be dealt with at the outset by conferences between the interested agencies. If differences should occur, the matter should be reviewed by the Board of War Communications, which is the responsible interdepartmental body I have charged with the responsibility in the field of wartime communications.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. Fly also stated that the President had before him a document which he regarded as "of great significance," when he acted, and which he asked also be placed in the record, which follows:

APRIL 6, 1943.

SECRETARY, JOINT CHIEFS OF STAFF,
Washington, D. C.

Through: Commander G. B. Myers.

1. In compliance with JCS 138/3, dated December 1, 1942, subject: Security of ciphers, and in accordance with the allocation of Government agencies made to the Army and Navy security sections, respectively, the following summary of findings at the Federal Communications Commission is submitted:

- (a) Cryptographic security—excellent.
- (b) Physical security (cryptographic systems)—excellent.

- (c) Documentary and information security—excellent.
- (d) Qualification of personnel—excellent.
- (e) Cooperation was given fully and willingly.

2. In view of the above it is considered that no concern need be felt over communications originating or passed in the Federal Communications Commission at this time.

3. The established contact between Signal Security Service and the Federal Communications Commission will be continued.

EARL F. COOK,
Lieutenant Colonel, Signal Corps
(For the Chief Signal Officer).

In the light of these documents, and especially in the light of the very strong statements in the letters of the Joint Chiefs of Staff and the Secretaries of the Army and Navy that their conclusions were based upon studies in the field, it became an inescapable duty of the committee to weigh the evidence for its bearing upon the desirability of making appropriations to the Federal Communications Commission to continue work which the Army and the Navy said duplicated theirs, hampered their activities by reason of "severe shortages of trained personnel and critical equipment" and by its methods "in fact endangered the effectiveness and security of military radio intelligence."

The gentleman from Alabama [Mr. STARNES] sought to determine the relationship of these documents by an inquiry on the chronology of them, with the following questions and answers which are from the printed record:

Mr. STARNES. I am wondering about the chronology of this matter. It would seem, as I get it from Mr. WIGGLESWORTH's questions, that the Joint Chiefs of Staff initiated the study and transmitted a letter, or a request, in September 1942.

Mr. WIGGLESWORTH. The request of the investigation was made in September 1942.

Mr. STARNES. And the letter written by Admiral Leahy was in February 1943?

Mr. WIGGLESWORTH. February 1 of 1943; and the letter of the two Secretaries to the President on February 8 of 1943.

Mr. STARNES. And here comes a subordinate charged with signal work for the Army, in April 1943, with a letter of this kind?

Mr. FLY. Just let me make that clear.

Mr. STARNES. I am just asking the question, not making a statement. I am trying to get clear in my own mind what the chronology is.

Mr. FLY. It is not the chronology that I am getting at; it is this idea of a subordinate. This is a survey made by the Joint Chiefs of Staff. They requested the Chief Signal Officer to make this survey, and the staff of the Chief Signal Officer made the survey, and the results of that survey were transmitted to the Joint Chiefs of Staff in accordance with that delegation of authority, on behalf of the Chief Signal Officer.

Mr. STARNES. It was pointed out that that letter was written after the Joint Chiefs of Staff had already acted and presented the matter to the President. I am just trying to get the dates straightened out.

Mr. FLY. That is right. But the survey had been in progress since December. It was an extensive survey, and the Joint Chiefs, had they really made any substantial effort to get the facts, could have gotten the facts from the office of the Chief Signal Officer who had made the survey.

Mr. STARNES. And the President did not make any decision in this matter until September 1943, a whole year after the matter was initiated; and the matter was initiated by the Joint Chiefs of Staff?

Mr. FLY. He made a very intensive study of it.

To me, it seemed important to determine whether the Joint Chiefs of Staff had ever changed their minds in the matter, whether they were of the same opinion still, in other words. So I interrogated Mr. Fly on that point and the following exchange took place:

Mr. CASE. Are you able to say whether or not the Joint Chiefs of Staff have ever withdrawn the recommendations made in the letter, which was read by Mr. WIGGLESWORTH?

Mr. FLY. For the record, they made visits to our office periodically and continue to give us this same endorsement.

Mr. CASE. My question was first, are you able to state whether or not the Joint Chiefs of Staff have ever withdrawn the recommendations made in the letter read by Mr. WIGGLESWORTH?

Mr. FLY. I do not suppose one withdraws a request when the matter has been finally disposed of.

Mr. CASE. I am not asking for a comment on it. I am asking you whether you are able to state, whether or not they have ever withdrawn it. Are you able to state that or not?

Mr. FLY. There was no formal withdrawal. I do know that the chief signal officer expressed to me his own feeling that he does not desire to have a transfer made.

Mr. CASE. Then, so far as you know, the Chiefs of Staff have never withdrawn those recommendations?

Mr. FLY. I would not know, but I do not assume there is any occasion for their withdrawing them. They present a formal document to the President and the President disapproves of that and that settles the matter.

Mr. CASE. It makes a difference as to the question of how their judgment stands before the committee.

Mr. WOODRUM. They have acquiesced in it, have cooperated?

Mr. FLY. They surely have.

Mr. STARNES. They would have no choice, however.

Mr. FLY. They have acquiesced.

Mr. STARNES. They must acquiesce because their Commander in Chief has so ordered.

In the light of that evidence and more discussion of the same character, the subcommittee prepared the annual appropriation bill and left out of it the funds the Federal Communications Commission had requested for carrying on the functions which the Army and Navy had said were a duplication and a danger to the effectiveness and security of military radio intelligence. That action was approved by the full committee and later by the House. And since that time, I understand, another body has ratified that action.

However, in the meantime a peculiar and interesting incident occurred. On the 29th of February 1944 the gentleman from Massachusetts [Mr. WIGGLESWORTH] was about to address the House on a subject pertaining to the Federal Communications Commission. During a call of the House, immediately prior to his speaking, I was called to the telephone room by a long-distance call. I related the incident on the floor of the House in the following language, as shown by the CONGRESSIONAL RECORD for that day:

Mr. CASE. Mr. Speaker, will the gentleman yield?

Mr. WIGGLESWORTH. I yield.

Mr. CASE. Mr. Speaker, as the gentleman knows, I am a member of the Appropriations Subcommittee for Independent Offices, which handles appropriations for the Federal Communications Commission. A very unusual thing happened to me this afternoon. During the call of the House immediately preceding the gentleman's speech I was called by long-distance telephone from Aberdeen, S. Dak., the call being placed by Harvey Jewett, who is the owner or principal owner of a small radio station there and who also happens to be the National Republican committeeman for the State of South Dakota. Mr. Jewett told me that he had a letter which he had received from the head of a broadcasting association of which his station is a member, which asked him to get in touch with me. He read a letter to me over the telephone.

The letter, as nearly as I can recall, said that the writer had been in telephonic communication that morning, the morning of the writing of the letter, with Mr. James L. Fly, Chairman of the Federal Communications Commission, in which Mr. Fly told him that FRANCIS CASE, a Republican from South Dakota, was a member of the committee that was trying to deny the Federal Communications Commission a proper appropriation. The writer of the letter suggested that Mr. Jewett kindly do what he could in the matter and further suggested that a copy of any communications showing what he did in the matter be sent to Mr. Fly in Washington.

Mr. Jewett said that he knew nothing about the matter other than what was in the letter and had called up to find out what the score was. He did not attempt to tell me what I should do but merely asked me what it was all about.

I told Mr. Jewett that it was very interesting that some interesting statements were expected to be made on the floor this afternoon with regard to the Federal Communications Commission and that I hoped that he would send me a copy of the letter. I advised him that the appropriation matter was now before the Senate, that the withholding of the appropriation by the subcommittee, and the House, was taken as an action of the committee in which there was only one member of the subcommittee who opposed it; that the action was taken upon testimony before the committee that the Joint Chiefs of Staff, the Secretary of War, and the Secretary of the Navy, in writing, had made a specific recommendation to the President, urging on grounds of military security that certain functions of the Federal Communications Commission be transferred to the Army and the Navy; and, that to accomplish that transfer, the subcommittee decided not to recommend appropriations to the Federal Communications Commission for those functions.

In some paragraph or sentence of the letter read to me the suggestion was made that the reason that the committee was acting was because of some misleading information brought before it by the special and select committee. As the RECORD will show at the time that appropriation was under consideration here on the floor and, as the gentleman from Massachusetts knows, the action of the subcommittee was taken on the basis of a specific recommendation by the Joint Chiefs of Staff supported by a field study, by the opinions of the theater commanders, and endorsed and transmitted to the President by the Secretary of War and the Secretary of the Navy in a strongly worded letter accompanied by the text of a proposed Executive order.

I have made this statement, under the indulgence of the gentleman from Massachusetts, because this incident happened within the hour, and when the gentleman spoke of political intimidation, it occurred to me that this attempt to get the owner of a small station in South Dakota, who happens to be the

national committeeman of my party in my State, to influence my position in an appropriation matter take with Members of both parties on what we deemed to be its merits, was perhaps a little evidence in point.

I did not catch clearly the name of the writer of the letter nor the name of his firm or agency. I did not presume to mention them. Imagine my surprise and interest, therefore, Mr. Speaker, on the 7th of March, to receive a letter from Mr. John W. Boler, president of the North Central Broadcasting System, Inc., stating that he had received "an air-mail special delivery envelope, postmarked Washington, D. C.," containing a copy of what he termed my "speech to Congress." Of course, I did not send the RECORD to Mr. Boler. I had neither his name nor address at the time. Who identified him as the party who had asked Mr. Jewett to contact me in behalf of restoring the appropriations? Your guess is as good as mine.

The letter asked that it be placed in the CONGRESSIONAL RECORD. I understand that, without waiting to find out whether I would place it in the RECORD, it was circularized generally to Members of the House and to at least one broadcasting magazine with a request that it be printed. Regardless of that, here it is and my reply:

NORTH CENTRAL BROADCASTING
SYSTEM, INC.,
St. Paul, Minn., March 4, 1944.

HON. FRANCIS CASE,
House of Representatives,
Washington, D. C.

DEAR SIR: I received an air mail special delivery envelope postmarked Washington, D. C., this morning with no return address or other identification which contained a copy of your speech to Congress on February 29, 1944. From its contents, it is very evident that you, with some other Congressmen, are using the Federal Communications Commission as a political football.

I request that this communication be put in the CONGRESSIONAL RECORD, because statements which you have made and interpretations of my letter and contact with you were misconstrued, and therefore your statements were false and misleading.

James Lawrence Fly, Chairman of the Federal Communications Commission, did not call me and did not call Harvey Jewett, National Republican committeeman, and solicit our sympathy or support.

Being the licensee of two radio stations and the operator of a regional network, I have business with the Federal Communications Commission, and it was I who called Chairman James Lawrence Fly regarding business that I have with the Federal Communications Commission, which I have the occasion to do very often.

The only statements that ever get before Congress, or that ever have obtained just consideration by Congress or the House Select Committee investigating the F. C. C., are statements, innuendos, and derogatory accusations hurled at James Lawrence Fly and the Federal Communications Commission. The House Select Committee never allowed anyone to appear before the committee in an open meeting that had any statement to make favorable to the Federal Communications Commission, the Commissioners, or its Chairman. Congressman Cox, and the New York attorney whom the committee hired, appeared prejudiced against the Federal Communications Commission

from the beginning, and their resignation is proof of something or other.

As a voter, I have the right to contact a personal acquaintance and voter in the State of South Dakota—your State—and ask him to express his views as a voter to you. However, you choose to call it intimidation, instead of investigating further.

You say that your action, or the committee's action taken to withhold the appropriation to the Federal Communications Commission was based wholly on the recommendations of the joint Chiefs of Staff and the Secretary of War and the Secretary of the Navy, which was sent to the President with a strongly worded letter. As I recall, the House Select Committee spent a considerable amount of time interviewing members of the Army and Navy, and many attempts were made by the House Select Committee to get the Army and Navy to make certain statements which apparently had political implications, which were aired by Congressman Cox in the press and all the trade publications.

I, for one, am personally of the opinion that in the interest of public service, convenience, and necessity, and in the interest of this democracy, that radio functions should remain under the jurisdiction of one agency, the Federal Communications Commission. There isn't any reason why this agency cannot perform its duties in the best interest of the war effort in cooperation with the Army and Navy as well as any and all other agencies are doing, and I am confident there are many others who share the same opinion.

I have tried for months, and consistently, to get your House Select Committee to permit me to appear and allow me to testify as to our experience with the Federal Communications Commission and as to what the Federal Communications Commission has done for the several hundred small and independent radio station operators in the United States. Chairman Cox and Mr. Garey, however, saw fit not to permit me to appear.

Radio is my business, and we look toward the Federal Government agency that necessarily must exist to guide and direct the licensing of our broadcast stations in the United States. The listening public and the voters should not permit you, or any other Congressman, to use this branch of the Government as a political football, which you are doing, and I intend not to permit it if I can contribute anything toward that cause.

I object to your speech to Congress, placing in the CONGRESSIONAL RECORD a statement embodying comments which I have made and the contact of a friend of mine in your State as a means of hurling another blow at the Federal Communications Commission and call it "intimidation of our good Congressmen representing 'we the people'." We have the right, I believe, to contact our Congressmen and tell them how we feel and how we would like them to vote and represent us in Congress, as that's what we send you there for. Therefore, you are not being intimidated. The Federal Communications Commission did not solicit political support and did not solicit my intervention or contact with you and never has requested any such support. I want this in the CONGRESSIONAL RECORD so that every Congressman will know it.

I would be an ingrate, to say the least, if I ignored the calumny heaped upon the already much-maligned Mr. Fly in return for the inestimable service he has rendered hundreds of small independent radio stations. I may not agree with everything Mr. Fly has done, but an honest investigation of his record will reveal, not a dictator seeking to control broadcasting, but a gentleman anxious that justice be meted out to the small, as well as the large radio stations. Therefore, I re-

spectfully request that this letter be given consideration before Congress to erase the black mark created by your misinterpretation of my request of Mr. Jewett.

Respectfully yours,

JOHN W. BOLER,
President, North Central
Broadcasting System, Inc.

cc James Lawrence Fly.

To that letter from Mr. Boler, I replied as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 8, 1944.

MR. JOHN W. BOLER,
President, North Central Broadcasting
System, Inc., St. Paul, Minn.

DEAR MR. BOLER: I have received your letter of March 4, which you request be placed in the CONGRESSIONAL RECORD. I will be very glad to place this letter in the RECORD, if I may also place in the RECORD the letter which you wrote to Mr. Jewett—which was the basis of his telephone call to me.

You are quite mistaken in thinking that I want to use the F. C. C. as a political football. I have not the slightest desire to do that—I would say that three motives are controlling in my attitude on this whole matter, viz:

First, to approve a proper appropriation for the proper functions of the Federal Communications Commission. No more and no less.

Second, to guard against any tendency within or without the Federal Communications Commission to permit or encourage it to gain any control over the radio stations of the country that would be inconsistent with free speech.

Third, to avoid appropriating money to the Federal Communications Commission to carry on activities that would impair the effective prosecution of the war.

I am not a member of the House select committee and have very little acquaintance with its activity or the evidence which it has taken. I have nothing whatsoever to do with its procedure.

I do not question your sincerity when you say: "I, for one, am personally of the opinion that in the interest of public service, and necessity, and in the interest of this democracy, that radio functions should remain under the jurisdiction of one agency, the Federal Communications Commission."

You make that statement in relation to my statement that our Appropriations subcommittee took its action to withhold a certain appropriation to the Federal Communications Commission on the recommendations of the Joint Chiefs of Staff and the Secretary of War and the Secretary of Navy, which was sent to the President with a strongly worded action. And action was so taken. And, I really believe that if you were in our position, with the same evidence before you, that you would have agreed with us.

Let me quote these sentences from the letter to the President, signed jointly by the Secretary of the Navy and Secretary of War, which said:

"Participation by the Federal Communications Commission in radio intelligence should be discontinued, because: Since radio intelligence develops information as to the movements and dispositions of the enemy, it is essential, for reasons of coordination and security, that there be full military control. Since the responsibility for military action rests with the armed forces, the responsibility for obtaining the technical information governing that action must also be in the armed forces."

And further, that—

"* * * The Joint Chiefs of Staff have made a thorough and comprehensive study, and their response, based on that study, is attached hereto. They, as well as the re-

sponsible military commanders in the field are of the belief that radio intelligence, the location of clandestine stations, the supervision of military communications security and related activities must, in their very nature, be under the sole control of the military forces."

The recommendation of the Joint Chiefs of Staff, signed by Admiral William D. Leahy, as Chief of Staff to the Commander in Chief of the Army and Navy, said:

"Because of the essential differences between military and Federal Communications Commission standards and methods it has not been possible to integrate their information, with the result that the attempted duplication by the Federal Communications Commission of work that is being more effectively done by the military has in fact endangered the effectiveness and security of military radio intelligence."

Now, I am sure that you did not know that and that you would not presume to place your opinion in the matter above that of the Joint Chiefs of Staff and the theater commanders based upon actual studies in the field, any more than would I.

Moreover, I feel confident that you with millions of other Americans, do not want the Appropriations Committee spending money for duplicate activities if we know it—and particularly, if that duplication "endangers the effectiveness and security of military radio intelligence." It would be bad enough if it were harmless.

With this information, you may prefer to revise your letter of March 4, before it is placed in the RECORD. If so, will you kindly send me the copy you wish placed in the CONGRESSIONAL RECORD, together with the copy of your letter to Mr. Jewett.

Sincerely yours,

FRANCIS CASE.

And to my letter, I received the following reply:

NORTH CENTRAL
BROADCASTING SYSTEM, INC.,
St. Paul, Minn., March 14, 1944.

HON. FRANCIS CASE,
House Office Building,
House of Representatives,
Washington, D. C.

DEAR MR. CASE: Thank you for your letter of March 8 and the information contained therein.

In view of the fact that it is my plan to be in Washington on Friday, March 17, I would like the opportunity to talk with you personally in further detail regarding this subject.

Sincerely yours,

JOHN W. BOLER,
President, North Central
Broadcasting System, Inc.

On Friday, March 17, Mr. Boler called me by telephone, said that he was in Washington, and would like to come in Saturday morning, the 18th. He did. We had an interesting conversation for more than an hour, during which Mr. Boler stated that he had looked into the matter further since coming to Washington and still desired to have his letter placed in the RECORD.

Of course, I said to Mr. Boler that nowhere in my remarks in the House would he find any statement or even insinuation that Mr. Fly had called him on the telephone. Nevertheless, I pointed out, something must have come up to bring the subject of appropriations into their conversation and to bring my name into the picture in that connection.

Mr. Boler stated that he had called Mr. Fly on other matters, that he had

asked Mr. Fly how things were going for the Federal Communications Commission, or something to that effect, and whether there was any way in which he could be of service to them. That brought out the subject of the reduction or prospective reduction in appropriations, according to Mr. Boler, and after the telephone conversation was over he looked up a list of the membership of the Appropriations Committee which he had on his desk, discovered that a Member of the House from South Dakota was on the committee, and accordingly wrote Mr. Jewett, a member of his broadcasting agency with a station in South Dakota.

Naturally, Mr. Speaker, I pointed out to Mr. Boler that I was not a member of the Select Committee Investigating the Federal Communications Commission, nor did I have access to their files, nor had I followed their hearings, nor had I considered any evidence other than that which came before the appropriations subcommittee handling F. C. C. appropriations.

Further, Mr. Speaker, I pointed out to Mr. Boler that the action had been taken by a majority of the committee, and ratified by the House, while in his letter to Mr. Jewett he had singled me out as having opposed "allowing the Commission a proper budget," and wondered how he could or would have done that had not Mr. Fly brought my name into their telephone conversation.

To refresh our memories on that point, and also to show how closely my report of the letter read to me on the telephone corresponded to the actual letter, I then read to him the pertinent paragraphs from the letter itself, which follows:

NORTH CENTRAL BROADCASTING
SYSTEM, INC.,
St. Paul, Minn., February 26, 1944.

MR. HARVEY JEWETT,
Aberdeen Broadcast Co.,
Aberdeen, S. Dak.

DEAR HARVEY: While talking with Mr. Fly, Chairman of the Federal Communications Commission, on the phone this morning, I learned that the Appropriations Committee in Congress are trying to knock out a million five hundred thousand dollars from the Federal Communications budget.

This budget is used and badly needed by the Federal Communications Commission to carry on their work in connection with the war effort.

FRANCIS CASE (Republican), South Dakota, is on the Appropriations Committee and to this point has been opposing allowing the Commission a proper budget. From our previous conversations, you will recall that the House select committee under Congressman Cox were carrying on an investigation of the Communications Commission which was very definitely unwarranted and unjustified and which we all opposed. Due to this investigation, I am confident that many Congressmen are confused regarding the operation of the Federal Communications Commission and have been prejudiced against the Commission due to misleading statements made by Cox and his committee.

I would deeply appreciate it if you would write, wire, or phone Congressman CASE and express your views, which I know are in favor of the Federal Communications Commission.

Will you send James Lawrence Fly copies of any correspondence or the details regard-

ing any action you may see fit to take, which I assure you he will appreciate.

Kindest personal regards.

Sincerely yours,

JOHN W. BOLER.

As to whether I misconstrued the letter or misinterpreted its intent, inspiration, or misquoted it in any respect, Mr. Speaker, I leave to those who read it. But that is not so important, Mr. Speaker, as the question of whether the country does the right thing about military radio intelligence. It is not the major question to be considered by the special committee that is proposed to be created by the pending resolution, but it is one of the important questions that the committee should consider. Surely it is a question which should be studied carefully and not one which should be left in such a position that members of an Appropriations Committee are charged with bad faith and subjected to unusual approaches if they act affirmatively upon recommendations of the Joint Chiefs of Staff and the Secretaries of the Army and Navy based, as they stated, upon "a thorough and comprehensive study" supported by "the responsible military commanders in the field."

MR. CASE. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD and include therein certain letters by the Secretary of War, the Secretary of the Navy, Admiral Leahy as Chief of Staff for the President, and certain communications between Mr. John W. Boler and myself relative to the operations of the Federal Communications Commission and its bearing upon military security.

THE SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

MR. COLMER. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

MR. SABATH. Mr. Speaker, I am indeed pleased that the gentleman from New York is in favor of the resolution, and that he has with one small exception eliminated politics. He had, of course, to bring in the fact that one of his friends, rather, one of his constituents, holds a higher rank than does General Donovan. I feel that General Donovan is an exceptionally capable man and has rendered valuable service, but I understand that the officer to whom the gentleman from New York has referred, who has been appointed and obtained higher rank than General Donovan, is also a very capable man. I have called attention to the fact that we have too many generals. I am sorry the gentleman from Kentucky, the chairman of the Committee on Military Affairs [Mr. MAY], is not here, but I am informed there are from 30,000 to 40,000 more officers than we actually need. I hope he will call that fact to the attention of the Secretary of War; but as to these appointments and granting of commissions, the gentleman from New York, of course, knows that the Secretary of War is a Republican from his own State, and the gentleman from New York ought to have confidence in him because it is claimed

he is a splendid man. Unfortunately, I think he has permitted some things to be done that should not have been done, but not being as reckless in my statements as some of my friends on the other side, I shall not question certain activities of the Department at this time.

Mr. Speaker, as to the pending resolution, originally I was fearful that it might somewhat affect the activities of the splendid committee that we authorized a few weeks ago, but I have been assured by the gentleman from New York [Mr. WADSWORTH] that it will not. I may say that originally I was not inclined to favor the resolution for that and for several other reasons. As I stated, I was fearful that the creation of this committee might interfere with the activities of the Colmer committee on post-war planning and also might interfere with existing conditions that now confront the Nation.

I feel that every effort and all of our energies should be devoted in seeking to aid and assist the Army, Navy, and our Air Forces in bringing about the early defeat of the treacherous and ruthless enemy that we may again enjoy the peace that was ours before Pearl Harbor. After my conference I have been enlightened by the gentleman from New York [Mr. WADSWORTH] as well as by the gentleman from Virginia [Mr. WOODRUM], who, I understand, will be chairman of this important committee, and in view of the special interest of the Speaker of the House I have come to the conclusion that these gentlemen possess greater wisdom and are just as patriotic, just as anxious to bring about an early victory, and that they will do nothing that might in any way interfere with our activities; therefore, I have consented and will vote for the pending resolution.

Mr. Speaker, I feel that this committee can, after careful consideration, render a valuable service to the Nation. I know that we have expended millions upon millions of dollars for buildings, plants, and factories in many sections of our country; we have expended millions of dollars in foreign nations and we will have, I hope shortly, millions, yes billions, of dollars' worth of surplus property. Now, I am not satisfied with the way that is being handled today. I think the Government is losing millions of dollars by the reckless disposition of surplus property or property that is no longer needed by the War Department, by the Navy Department, or by any other department of Government. I have the utmost confidence that the chairman of this committee, and the splendid members of that committee, will study carefully what is going on and make recommendations that will put a stop to the dishonest disposition of these properties through which the Government is defrauded of millions upon millions of dollars. It will be quite a task, but I feel that this committee, which will be composed of seven members of the Naval Affairs Committee, seven members of the Military Affairs Committee, and seven members to be appointed by the Speaker, will devote a great deal of their time, and a real study, not only to the matters to which I have called attention but to any

other post-war matters that may help the future well-being of our country, so that when the war is over we will be in position to proceed without delay to re-establish our commercial activities, not only in our own country but in every other country.

I know what some of the other nations are doing now. They are preparing even at this time to grab the commerce of the world. Though this may be only a committee appointed to look after the post-war military affairs, I hope that the members of that committee will see that the millions we have invested, so far as our commercial efforts are concerned, will be utilized in the interest of our Nation and that we will not delay in doing our part to safeguard and protect our commerce the world over.

Mr. Speaker, there is no opposition to this resolution, and there should not be any dissenting votes against it. This will be one of the most important committees that we have ever created and I have utmost confidence that it will render an important service to the Nation.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FISH. Mr. Speaker, I yield the balance of the time on this side to the sponsor of the pending resolution, the gentleman from New York [Mr. WADSWORTH].

Mr. WADSWORTH. Mr. Speaker, this matter has been very thoroughly discussed and I do not expect, in fact it would be quite impossible if I wanted to do so, to hold the attention of the House for any length of time. It is not at all interesting, I know, but I confess on this occasion that the objectives sought by this resolution have been in my mind for over 20 years. Never in our history has the Congress or any body of the Congress sat down seriously to discuss what would better be the military policies of the United States. The result has been that in every contest in which we have engaged we have found ourselves more or less unprepared.

I have rejoiced that thus far, apparently, this proposal meets with the approval of the Members of the House with whom I have discussed it. In preparing this resolution I have had long and intimate discussion with the chairman of the Military Affairs Committee, the ranking members and several members on both sides of that committee, the chairman of the Committee on Naval Affairs, and the ranking members, in fact several members on both sides of that committee, as well as with the Speaker of the House, the majority and minority leaders. More than that, I took it upon myself to explore the opinion of the War and Navy Departments and I found a very favorable response from both departments. As a matter of fact, it is no secret, I am sure, that there are elements in both of those departments already working and studying this vital problem of the future military policy of the United States. Some items of that study have already been mentioned here this morning. One might think of several other items.

Obviously, of course, no committee, put together to advise the Congress from time to time as this committee is to be

put together, can estimate with any degree of exactitude the size of our military forces to be maintained when this war is over. But there are certain fundamental policies connected, for example, with the procurement and the training of men for all the forces, the tie-up which that procurement and training program will have and should have with the educational facilities of the country which can be studied with great benefit and recommendations made from time to time with respect to them.

As the gentleman from New York [Mr. FISH] has indicated, it might be well for the committee to study that problem which I have described on other occasions as the problem of unity of command; also the disposition of Government-owned property, military property of the United States, a vast amount of it. We may be able to study those things, secure comprehensive inventories of all of those properties and facilities and perhaps assist in laying down a program for their use or disposition after the war is over.

Mr. COLE of New York. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from New York.

Mr. COLE of New York. Is it the gentleman's opinion that his resolution is broad enough to permit a study and recommendation to be made by this committee regarding the use or disposal of the insular territories which come under the American flag by reason of conquest?

Mr. WADSWORTH. I do, but obviously that study could not be completed in anything like the near future. Many things are going to happen in the next 2 or 3 years, and I express my own view when I suggest that it will be quite impossible to reach a definite and final conclusion on what might be called defensive outposts of the United States until we know what kind of a world we are to live in after the war is over.

In any event, Mr. Speaker, I welcome the appointment of this committee because I do not want to have happen to our country what happened after the last war. We came out of that war the victor in a military sense. In my humble judgment we had an opportunity at that time to erect a sound military policy for the United States, not the policy of an aggressor nation but a policy to make us safe and secure and go very, very far toward keeping us out of other wars. We have never made an effort of that kind following any of our wars.

Again, in my humble judgment, our failure to do so has cost the United States and its people billions and billions of dollars and tens of thousands of lives. Let us hope that we are learning lessons during this war and that we will learn more lessons when it is over. When we get a comprehensive view finally of this world and America's position in it, we should then adopt a comprehensive military policy for the United States that will keep us safe and secure.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Michigan.

Mr. MICHENER. I notice the resolution provides "that it shall be the duty of the committee to investigate any matters relating to the post-war military requirements of the United States." As I suggested to the gentleman in the Rules Committee, would it not be well to offer an amendment to investigate post-war policies and requirements? Does the gentleman from New York believe that the resolution is broad enough and that requirements will be interpreted to include policy?

Mr. WADSWORTH. Personally, I have no objection to an amendment such as proposed by the gentleman from Michigan, but I do believe that the general expression in this resolution, including the use of the expression "military requirements," contemplates, for example, that military requirements are governed by policy.

Mr. MICHENER. That would probably be true, but it occurred to me that it might be rather difficult for any committee to even conjecture as to what the requirements will be after the war until—quoting the gentleman's speech a few moments ago—we know the kind of a world in which we shall be living. It would be entirely proper, feasible, and possible to consider a peacetime military policy.

Mr. WADSWORTH. I agree with the gentleman from Michigan. I think the resolution in its general phraseology makes it clear that the duty of this committee is to study policy. Of course, policy is connected with military requirements, whatever they may be in the future. I have no objection to an amendment of that sort, but I do not regard it as necessary.

Mr. MARTIN of Iowa. Mr. Speaker, will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Iowa.

Mr. MARTIN of Iowa. I am glad to hear the gentleman's statement about the planning of adequate defense to match the situation in foreign affairs, or our relationship to other countries. For instance, I call to mind the tardiness of our approach to preparedness in the years 1939 and 1940. A policy committee such as this would lead us to start preparedness to match the dangers in the world a little ahead of our awakening in 1939, I take it.

Mr. WADSWORTH. And a similar awakening in 1917.

Mr. MARTIN of Iowa. And, similarly, the post-war period.

Mr. WADSWORTH. And 1898.

Mr. MARTIN of Iowa. Yes. We have never been adequately prepared for any crisis that has yet come on us.

Mr. WADSWORTH. We have not.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. COLMER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on tomorrow, at

the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

SELECT COMMITTEE ON POST-WAR MILITARY POLICY

Mr. COCHRAN. Mr. Speaker, by direction of the Committee on Accounts, I submit a privileged resolution and ask its immediate consideration.

The Clerk read House Resolution 486, as follows:

Resolved, That the expenses of conducting the study and investigation authorized by House Resolution 465, of the Seventy-eighth Congress, incurred by the Committee on Post-War Military Policy, acting as a whole or by subcommittee, not to exceed \$25,000, including expenditures for the employment of clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee thereof conducting such study and investigation or any part thereof, signed by the chairman of the committee or subcommittee, and approved by the Committee on Accounts.

Sec. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia unless otherwise officially engaged.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN. Mr. Speaker, the Committee on Accounts unanimously agreed this morning to recommend that \$25,000 be provided for the Post-war Military Policy Committee. The gentleman from New York, Congressman WADSWORTH, the author of the resolution which created this select committee, as well as the gentleman from Virginia, Congressman WOODRUM, who has been named chairman of this select committee, attended the hearing and outlined the purposes and objectives of the study.

The Committee on Post-war Military Policy is to be composed of 23 Representatives, including 7 members of the Committee on Military Affairs, 7 members of the Committee on Naval Affairs, and 9 Representatives who are not members of either such committee.

Under the resolution it is the duty of the committee to investigate all matters relating to post-war military requirements of the United States. This will involve gathering information and preparing plans and suggestions from informed sources with respect to military requirements.

It will also be the duty of the committee to study the plans and suggestions received and to report to the House from time to time the results of findings made and conclusions reached.

The select committee will serve as a forum where members of the armed services directly affected, as well as indi-

viduals and private organizations, can come and offer suggestions. Many problems such as the policy relative to the disposition of the immense investment the Government has put into plants as well as other large projects, and the procedure and principles we should employ to recruit our armies in the future, will be considered by this select committee. They also plan to make a study of educational institutions and their part in the military program in the future.

It was pointed out at the hearing that immediately after the First World War there was a mad scramble to demobilize which resulted in the maladjustment of our economic structure. One of the objectives of the committee will be to formulate plans which will prevent a recurrence of the chaotic condition which characterized demobilization at the conclusion of the First World War.

This is a joint committee and it has simply recommendatory powers. It will have no authority to report bills but will simply be confined to recommending appropriate action to effect the results desired.

Both the gentleman from New York [Mr. WADSWORTH] and the gentleman from Virginia [Mr. WOODRUM] stated that they did not contemplate a great deal of expense. The committee does not propose to travel but will simply conduct the study and investigation as provided in the original resolution. It was felt that no large expenditure of money would be necessary and that an appropriation of \$25,000 would be sufficient.

SYNTHETIC LIQUID FUELS FROM COAL AND OTHER SUBSTANCES

Mr. RANDOLPH submitted the following conference report and statement on the bill (S. 1243) authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal and other substances in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1243) authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Secretary of the Interior, acting through the Bureau of Mines, within the limits of critical materials available, is authorized for not more than five years to construct, maintain, and operate one or more demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances, and one or more demonstration plants to produce liquid fuels from agricultural and forestry products, with all facilities and accessories for the manufacture, purification, storage, and distribution of the products. The plants shall be of the minimum size which will allow the Government

to furnish industry the necessary cost and engineering data for the development of a synthetic liquid fuel industry and of such size that the combined product of all the plants constructed in accordance with this Act will not constitute a commercially significant amount of the total national commercial sale and distribution of petroleum and petroleum products. Any activities under this Act relating to the production of liquid fuels from agricultural and forestry products shall be carried out in cooperation with the Department of Agriculture and subject to the direction of the Secretary of Agriculture.

"Sec. 2. In order to carry out the purpose of this Act, the Secretary of the Interior is authorized—

"(a) to conduct laboratory research and development work, and with pilot plants and semiworks plants to make careful process engineering studies along with structural engineering studies in order to ascertain lowest investment and operating costs, necessary to determine the best demonstration plant designs and conditions of operation;

"(b) to acquire, by purchase, license, lease for a term of years or less, or donation, secret processes, technical data, inventions, patent applications, patents, irrevocable nonexclusive licenses, and other rights and licenses under patents granted by this or any other nation; to acquire by purchase, lease for a term of years or less, or donation, land, and any interest in land (including easements and leasehold interests), options on real or personal property, and plants and their facilities; to assume the obligation to pay rentals in advance on property so acquired, and to pay damages arising out of the use of any such property: *Provided, however,* That the maximum quantity of land or any interest therein, or any other property, acquired hereunder shall not exceed that necessary to carry on experiments for the purposes herein provided;

"(c) to engage, by contract or otherwise, engineers, architects, and any private industrial organization or any educational institution he deems suitable, to do all or any part of the work of designing, constructing, or operating the plants, the operation to be under his supervision, and through leases or otherwise as he believes advisable;

"(d) to cooperate with any other Federal or State department, agency, or instrumentality, and with any private person, firm, educational institution, or corporation, in effectuating the purposes of this Act.

"Sec. 3. The Secretary of the Interior is authorized to sell the products of the plants at not more than actual cost, including amortization of capital expenses, as determined by him, to any department, agency, or instrumentality of the Federal or any State Government, but priority shall be given to orders placed by the War or Navy Departments. Any remaining products may be sold at going prices to any purchaser through regular commercial channels. The Secretary of the Interior, subject to approval by Congress, shall also have authority to dispose of any lands or other real or personal property acquired, but in his opinion no longer useful, for the purposes of this Act; and he shall have authority to grant, on such terms as he may consider appropriate, licenses under patent rights acquired under this Act: *Provided,* That such licenses are consistent with the terms of the agreements by which such patent rights are acquired. No patent acquired by the Secretary of the Interior under this Act shall prevent any citizen of the United States, or corporation created under the laws of the United States or any State thereof, from using any invention, discovery, or process covered by such patent, or restrict such use by any such citizen or corporation, or be the basis of any claim against any such person or corporation on account of such use.

"Sec. 4. All moneys received under this Act for products of the plants and royalties shall be paid into the Treasury as miscellaneous receipts. The Secretary of the Interior shall render to Congress on or before the first day of January of each year a report of all operations under this Act.

"Sec. 5. The Secretary of the Interior may issue rules and regulations to effectuate the purposes of this Act. The authority and duties of the Secretary of the Interior under this Act shall be exercised through the Bureau of Mines of the Department of the Interior.

"Sec. 6. There is authorized to be appropriated not to exceed the sum of \$30,000,000 to carry out the provisions of this Act."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same with an amendment as follows:

Amend the title to read as follows:

"An Act authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shales, agricultural and forestry products, and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes."

And the House agree to the same.

JENNINGS RANDOLPH,

JOHN M. ROBSON,

Managers on the part of the House.

JOSEPH C. O'MAHONEY,

CHAN GURNEY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1243) authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment to the text struck out all of the Senate bill after the enacting clause. The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment, and that the House agree to the same.

The substantive differences between the House amendment and the proposed conference substitute are noted in the following statement:

Both the Senate bill and the House amendment authorized the Secretary of the Interior to construct, maintain, and operate one or more demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances. The House amendment also specifically authorized the Secretary to construct, maintain, and operate one or more demonstration plants to produce liquid fuels from agricultural and forestry products. The conference agreement retains this provision of the House amendment, but provides that any activities under the act relating to the production of fuels from agricultural and forestry products shall be carried out in cooperation with the Department of Agriculture and subject to the direction of the Secretary of Agriculture. The Department of Agriculture has been for many years engaged in studying and experimenting with the production of such fuels, and it appears wise to provide that any program carried out under this act relating to fuels from agricultural and forestry products should be fully coordinated and integrated with the existing pro-

gram of that Department. The Senate bill contained a provision, which was not in the House amendment, which limited the authority of the Secretary of the Interior with respect to the construction, maintenance, and operation of demonstration plants to a period of not more than 5 years. The conference agreement retains this provision.

Section 2 (a) of the Senate bill contained a provision, which was not in the House amendment, specifying that the Secretary of the Interior, in conducting research and development work, is authorized, with pilot plants and semiworks plants, to make engineering studies in order to ascertain lowest costs. The conference agreement retains this provision.

Section 2 (b) of the House amendment included acquisition by license among the methods by which the Secretary is authorized to acquire patent rights and other rights, and would have authorized the acquisition of interests in lands by condemnation, among other methods. The conference agreement retains the authority to acquire patent and other rights by license, but eliminates the authority to acquire land by condemnation. The conference agreement also retains a provision in this paragraph which was in the Senate bill, but not in the House amendment, and which provides that the maximum quantity of land or any interest therein, or any other property, acquired under the act shall not exceed that necessary to carry out the purposes of the act.

Section 2 (c) and (d) of the House amendment contained provisions, not in the Senate bill, specifically including educational institutions among the organizations which the Secretary is authorized to utilize and with which he is authorized to cooperate. The conference agreement follows the House amendment in this respect.

The House amendment contained a provision, which was not in the Senate bill, and which would have exempted leases made under this act from the provisions of sections 321 and 322 of the act of June 30, 1932, as amended, and would have provided that such leases could be made for a term of years notwithstanding section 3679 of the Revised Statutes, as amended, or any other provision of law. This provision is omitted from the conference agreement, as there appears to be no necessity or justification for exempting these leases from the provisions of sections 321 and 322, referred to above, and the earlier provisions of the bill specifically authorize leases to be made for a term of years.

The conference agreement retains a provision which was in the House amendment, but not in the Senate bill, and which provides that the authority of the Secretary to dispose of any lease or other property acquired under the act shall be exercised subject to approval by Congress.

The House amendment contained a provision, which was not in the Senate bill, and which authorized the Secretary to grant, on such terms as he may consider appropriate, licenses under patent rights acquired under the act, if such licenses are consistent with the terms of the agreements by which such patent rights are acquired. The conference agreement retains this provision of the House amendment. The Senate bill contained a provision, which was not in the House amendment, and which provided that no patent or patent rights acquired by the Secretary under the act should prevent any citizen of the United States or any domestic corporation from using any invention, discovery, or process to which such patent or patent rights related, or restrict such use by any such citizen or corporation, or be the basis of any claim against any such citizen or corporation on account of such use. The conference agreement retains this provision in a modified form which makes it applicable only with respect to patents acquired by

the Secretary of the Interior under the act. The purpose of this provision is to make available to the citizens and corporations of the United States the use of any inventions, discoveries, and processes which may be invented or discovered in operations under the act, and the use of other inventions, discoveries, and processes covered by patents which are acquired in their entirety by the Secretary under the act. It does not mean that when the Secretary uses a patent under a license from a private owner of such patent, the public will also be permitted to use the patent merely because the Secretary has been licensed to do so.

The conference agreement makes clerical changes in the title of the bill.

JENNINGS RANDOLPH,
JOHN M. ROBSON,

Managers on the part of the House.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill S. 1243.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

Mr. MICHENER. Reserving the right to object, Mr. Speaker, this is a unanimous report. I notice the gentleman from Kentucky [Mr. ROBSON] is on his feet.

Mr. RANDOLPH. The gentleman from Michigan is correct. The gentleman from Kentucky [Mr. ROBSON] has signed the report. It is a unanimous report of the managers on the part of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

Mr. STEFAN. Reserving the right to object, Mr. Speaker, will the gentleman from West Virginia explain how agriculture comes into this picture, and explain that agricultural products can be used for producing synthetic liquid fuels?

Mr. RANDOLPH. I will gladly explain it, I may say to the gentleman from Nebraska, because we have retained what the House did at the time we considered the bill H. R. 3209.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

Mr. RANDOLPH. Mr. Speaker, the conference report which is presented today is, I believe, of importance to the Members of the House. The House amendment to this bill struck out all of the Senate measure after the enacting clause and inserted a complete substitute, which we considered on the House floor, the bill being known as H. R. 3209. However, there were few differences of special importance between the House and the Senate versions. The conference agreement follows very largely the House amendment. There are some differences in substance from the measures, as we considered them in both Houses, to which I should like to refer.

The conference agreement retains the amendment offered by the gentleman

from Texas [Mr. LANHAM], relating to the method by which the Secretary of the Interior is authorized to acquire patent and other rights and to acquire lands and interests in lands. The conference agreement eliminates the word "otherwise" from that portion of this amendment which relates to the acquisition of land. The effect of eliminating the word "otherwise" would be to eliminate the power of the Secretary to acquire land for the purposes of this act by condemnation.

The conference agreement also retains the amendment offered by the gentleman from Texas [Mr. LANHAM] which provides that licenses granted by the Secretary under patent rights acquired under the act must be consistent with the terms of the agreements by which such patent rights are acquired. It seems appropriate at this point to call attention to a provision in the conference agreement which was taken from the Senate bill. This provision, as it appears in the conference agreement, provides that no patent acquired by the Secretary under this act shall prevent any citizen or corporation of the United States from using any invention, discovery, or process covered by such patent, or restrict such use by any such citizen or corporation, or be the basis of any claim against any such citizen or corporation on account of such use. The purpose of this provision is to make available to such citizens and corporations the use of any inventions, discoveries, and processes which may be invented or discovered in operations under the act, and also the use of other inventions, discoveries, and processes covered by patents which are acquired in their entirety by the Secretary under the act. It does not mean that when the Secretary is licensed to use a privately owned patent the public will also be permitted to use the patent merely because the Secretary is licensed to do so.

The gentleman from Illinois [Mr. SABATH], who is on his feet, has had much experience in connection with the subject of patent rights. I recall his special interest in that provision at the time this legislation was under consideration.

Mr. SABATH. I was and still am interested that the Government be protected in every way and not be subjected to many claims by those who have acquired these patents. Is the bill now so worded that the rights of the Government will be safeguarded against any possible attack on the part of those gentlemen who by hook or crook may have obtained some of those patents from the men who actually made the inventions?

Mr. RANDOLPH. That provision is retained. The Senator from Vermont [Mr. AUSTIN] and the gentleman from Texas [Mr. LANHAM] had in mind just that result. I think both phases of the patent picture, the protection of the private individual and the corporation, and the protection of the Government, are taken care of by our agreement.

I think the importance of the agricultural picture as presented here in a question asked by the gentleman from Nebraska [Mr. STEFAN] is proper to bring to your attention at this time.

The agreement retains the amendment offered by the gentleman from Illinois [Mr. ANTON J. JOHNSON].

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from California.

Mr. VOORHIS of California. I want to say to my distinguished colleague from West Virginia that, in my opinion, he has rendered our country an outstanding service in sponsoring this legislation. I predict the day will come when future generations of Americans will thank him with all their hearts for pioneering this work of developing liquid fuels from basic resources which we have in abundance here in our own country. Now I am very much interested in the provisions about the patents. Do I correctly understand the gentleman to say that assuming that some process is perfected or developed in the course of this work which the gentleman's bill is going to make possible, then that patent will be freely available for use by any person who desires to make use of it, under a proper license?

Mr. RANDOLPH. That is correct, any individual or corporation.

Mr. VOORHIS of California. That is in the bill as it now stands? I believe that to be very important and very right.

Mr. RANDOLPH. That is correct. The gentleman from California makes an observation which is important to the House, as we bring to final passage what we believe to be a most important measure, and I am deeply grateful to my friend for his gracious reference to my work.

The amendment offered by the gentleman from Illinois [Mr. ANTON J. JOHNSON], you will recall, was the subject of debate in the House during the consideration of this bill. That amendment specifically authorizes the construction and operation of one or more demonstration plants to produce liquid fuel from agricultural and forestry products.

In connection with this provision, the conference report provides that any activities under the act relating to the production of liquid fuels from agricultural and forestry products shall be carried out in cooperation with the Department of Agriculture and subject to the direction of the Secretary of Agriculture. The Department of Agriculture has carried on research and experimental work relating to the production of alcohol since 1906. In recent years, most of the work relating to the production of liquid fuels from agricultural products has been performed by the Bureau of Agricultural and Industrial Chemistry in the regional agricultural laboratory at Peoria, Ill., and most of the work relating to the production of fuels from forestry products has been done by the United States Forest Service in the Forest Products Laboratory, at Madison, Wis. It seems evident that any further experimental and demonstration work for the production of fuels from these products should be closely coordinated and integrated with the work of the Department of Agriculture.

Mr. CHIPERFIELD. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Illinois.

Mr. CHIPERFIELD. The amendment of the gentleman from Illinois [Mr. ANTON J. JOHNSON] is still in the bill in substantial form?

Mr. RANDOLPH. That is correct. There will be one or more demonstration plants using, as a base, agricultural or forestry products. All we have done is to have that program carried on in the Department of Agriculture, where we have the experts and where the valuable work has been done, rather than in the Department of the Interior, although the language of the conference report calls for a cooperative effort in this connection.

Mr. CHIPERFIELD. It just puts it under the direction of the Department of Agriculture?

Mr. RANDOLPH. That is correct. The studies have been going on for many years. Experimentation and research in these subjects has been helpful.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. STEFAN. We do not object to the Department of Agriculture experimenting in the making of fuel out of agricultural products. We believe it should remain in the Department of Agriculture, but we want to be assured that in this authorization bill, and it is merely an authorization bill inasmuch as no money is provided in it, the agricultural and forestry products are protected in this legislation. And the gentleman assures us that agricultural products and forestry products are protected and will participate in whatever experiments are being made under the provisions of this legislation. Am I correct in that assumption?

Mr. RANDOLPH. The gentleman from Nebraska is correct. We further believe it, and it is evident in the language reading as follows:

In connection with this provision, the conference report provides that any activities under the act relating to the production of liquid fuels from agricultural and forestry products shall be carried out in cooperation with the Department of Agriculture.

I think that is the viewpoint taken by the gentleman from Nebraska.

Mr. STEFAN. Yes; it is.

Mr. RANDOLPH. The conference agreement retains the amendment offered by the gentleman from Colorado [Mr. ROCKWELL]. That provision related to oil shale, as you remember, "or substance" added to the word "coal." The original Senate bill had simply contained the word "coal" and then used the words "and other substances." We specifically name oil shale in the agreement. Then there was an amendment which was included in the House amendment which was passed on the floor and which was offered by the gentleman from New Mexico [Mr. FERNANDEZ]. He wishes inserted the words "or any educational institution." We believe in going forward with these studies on a cooperative basis. Private individuals and corpora-

tions are authorized, or should be consulted, of course, and we believe that educational institutions in many instances have done valuable work and can be further used. For that reason that amendment has been retained in the bill in the agreement of the managers on the part of the House with the Senate.

The agreement also retains the amendment offered by the gentleman from Kentucky [Mr. MAY] requiring the approval of Congress for the disposal of any lands or other property acquired by the Secretary under the act. You will remember that restriction was a provision inserted as an amendment during the consideration of the House bill. I think it was the thought of the House, practically unanimous, that Congress had a right to reassert itself in connection with future legislation in insuring against individuals acting without regard to the legislative branch and its prerogatives. We believe it is a provision which is necessary to the better functioning of this type of development.

The conference agreement contains provisions from the Senate proposals which were not in the House amendment, and which specifically authorized engineering studies to be made in connection with the research and development work, and which also restrict the land and other properties which may be acquired under the act to the quantity necessary for carrying out its provisions.

In other words, only that necessary property which was actually to be used could be purchased. They could not go out by a blanket authority and purchase here and there and buy this and that unneeded land. The Secretary would confine it strictly to the purposes for which the act is intended.

The conference agreement eliminates a provision of the House amendment which exempted leases made under the act from the provisions of sections 321 and 322 of the act of June 30, 1932, and provided that such leases might be made for a term of years notwithstanding section 3679 of the Revised Statutes or any other provision of law. The first part of this provision was eliminated, as there appears to be no necessity for exempting leases made under this act from the provisions of sections 321 and 322, which are referred to above, which embody certain restrictions with respect to leases made to or by the Government. There appeared to be no necessity for the latter part of this provision, relating to leases for a term of years, as section 2 (b) of the bill specifically authorizes leases for a term of years to be made in order to carry out the purposes of the act.

Mr. Speaker, I personally thank my colleagues for their support of this legislation. I have also appreciated the cooperation of Senator O'MAHONEY, author of the Senate bill. I trust the future will vindicate the action we have taken to keep America secure.

Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. ROBSON].

Mr. ROBSON of Kentucky. Mr. Speaker, the chairman of the Committee on Mines and Mining has gone into this matter in great detail and I think has

stated clearly and fully what this measure undertakes to accomplish. In the first place, it is brought to the House as a war measure to help win the war. You understand that there are two methods by which we may increase our oil and gas production in this country: One, through the utilization of coal; and two, through the utilization of oil from agricultural and forestry products. I know that many of us who do not live in oil and coal countries have had for sometime considerable concern in our own minds about the future supply of oil and gas. In my section of the country we have an abundance of coal and we have considerable oil. But if this war continues for sometime and uses oil and gas at the rate we have been consuming it, and if we continue to cut down our reserves, one of the important questions that is going to confront us in the future is as to the supply of oil and gas. Germany could not have carried on this war with the success that she has if she had not developed synthetic oil and gas from coal and from plants and trees. Therefore we now know that unless we discover some great pool in the future we are going to have to have our supply of oil and gas from other sources. It must come from coal or from the plant life of the country.

Now, this does not put the Government in the business of producing oil or gas. It simply sets up experimental stations to find out the best methods to secure this oil and gas at the lowest price at which it can be produced. So it is a wise and necessary step for Congress to adopt this resolution. As I recall, it was adopted unanimously by the House and the Senate, and the conferees have carried into this report, by unanimous agreement of the conferees, all of the essential points that were in the House and the Senate bills.

Mr. RANDOLPH. Mr. Speaker, will the gentleman yield?

Mr. ROBSON of Kentucky. I yield.

Mr. RANDOLPH. I would like to observe that by the passage of this legislation the Congress will be giving an insurance to the country in the future that we will not be caught in the predicament we were when our crude supplies of rubber from the Dutch and British were cut off and we had to turn, almost overnight, to the building of a synthetic rubber industry in this country. We are looking ahead, and, as the gentleman said, we will be prepared as a nation, not to be an importer of oil, but here at home with our own products to sustain ourselves either in peace or in the exigencies of war.

Mr. ROBSON of Kentucky. We have hundreds of millions of acres of good coal, and we can produce an unlimited supply of oil and gas and it will make our country self-sufficient in those very essential and important commodities.

The SPEAKER pro tempore. The time of the gentleman from Kentucky has expired.

The question is on agreeing to the conference report.

The conference report was agreed to. A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent to extend my remarks on two different subjects and to include certain excerpts.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and include therein a newspaper article.

The SPEAKER pro tempore. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent that on Thursday next, after the conclusion of the day's business and any other special orders that may have been entered, I be permitted to address the House for 30 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. WASIELEWSKI. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an editorial.

The SPEAKER pro tempore. Is there objection?

There was no objection.

AMENDING SECTION 6 OF THE DEFENSE HIGHWAY ACT OF 1941, AS AMENDED

Mr. ROBINSON of Utah. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 3912) to amend section 6 of the Defense Highway Act of 1941, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, will the gentleman explain the necessity for this increase in the authorization?

Mr. ROBINSON of Utah. I will be very glad to explain the bill.

This bill has been considered by the Roads Committee, and the bill is unanimously reported from that committee.

The reason for the urgency of the passage of the bill at the present time is brought about through a history of the legislation. I would like to briefly call the attention of the House to that legislation.

In 1941 we passed what is known as the Defense Highway Act. In this act we provided that the Commissioner of Public Roads should be authorized to provide the construction of access roads and the improvement of access roads to military and naval reservations; and also to defense and industry plants. In order to accomplish this purpose we authorized an appropriation at that time of \$150,000,000. That work has been going on since that time. In other words, all the work that is being done in connection with the defense-highway program is certified by the Secretary of War or the Secretary of the Navy to the Commissioner of Public Roads. The Commis-

sioner of Public Roads is then obligated to do this work.

Since the original authorization we amended the act on July 2, 1942, to authorize \$260,000,000, and we thought at that time that that would be sufficient to do the work designed in connection with this defense program. However, it now develops that roads are being damaged, roads used to and from military developments, and there is no money to pay these sums. In order to pay the sums that the Commissioner is already authorized by the Congress to expend, it is necessary now to increase that authorization.

The Commissioner of Roads appeared before our committee and after very careful examination and testimony he proved to the unanimous satisfaction of the committee that it was necessary that we immediately authorize this money so that it could be paid to the people who are doing the work on these roads.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. ROBINSON of Utah. I yield.

Mr. SABATH. For the information of the House, I will say the Rules Committee has granted a rule on this bill. Consideration of it now will save time. Two gentlemen, especially, from Tennessee, have made an urgent plea for immediate consideration of this bill because many of the roads, not only in Tennessee, but in many other sections, have been destroyed by the heavy trucks used by the Army. In view of that, a rule was granted. If unanimous consent now is granted it will save perhaps 2 hours of our time, because, as I understand, there is no opposition to the bill.

Mr. WOLCOTT. There is no opposition in the committee, and it is a military necessity that this money be authorized as quickly as possible.

Mr. ROBINSON of Utah. I thank both the gentleman from Michigan and the gentleman from Illinois.

Mr. GORE. Mr. Speaker, will the gentleman yield?

Mr. ROBINSON of Utah. I yield.

Mr. GORE. I desire to express my thanks and the appreciation of my colleague from Tennessee [Mr. McCORD] for the kind and courteous consideration given by both the chairman of the Rules Committee and the Committee on Roads to our problem.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah [Mr. ROBINSON]?

There was no objection.

The Clerk read the bill (H. R. 3912), as follows:

Be it enacted, etc., That section 6 of the Defense Highway Act of 1941, as amended by the act of July 2, 1942 (23 U. S. C. 106), is hereby further amended by striking out the amount "\$260,000,000" and inserting in lieu thereof "\$290,000,000."

With the following committee amendment:

On page 1, line 6, after the word "thereof", strike out "\$290,000,000" and insert "\$285,000,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. GORE. Mr. Speaker, I was on my feet seeking to offer an amendment to the bill.

The SPEAKER pro tempore. If the gentleman from Tennessee takes that position, the understanding of the Chair was that the bill would be taken up by unanimous consent. Of course, the Chair, in accordance with a statement made last week, would feel that the action which the gentleman from Tennessee has in mind would be a violation of the statement made by the present occupant of the chair to the minority leader.

Mr. GORE. Mr. Speaker, a parliamentary inquiry. Does the arrangement entered into by the present occupant of the chair preclude the offering of an amendment to which no opposition has been voiced?

Mr. ROBINSON of Utah. Mr. Speaker, I have considered the amendment and I think most of the members of the committee have considered the amendment that has been suggested by the Members from Tennessee. As far as I know, there is no opposition to the amendment.

Mr. WOLCOTT. Will the gentleman yield?

Mr. ROBINSON of Utah. I yield.

Mr. WOLCOTT. Will the gentleman explain what the amendment is?

The SPEAKER pro tempore. The Chair is anxious to help, but there are certain limits. If there is going to be any controversy about this bill—

Mr. GORE. Would the Chair indulge the gentleman from Tennessee for a brief statement on the urgency of the situation so that we can see if any opposition develops?

The SPEAKER pro tempore. To be practical in the situation, rather than strictly parliamentary, without objection the Chair recognizes the gentleman from Tennessee for 1 minute.

Mr. FISH. Reserving the right to object, Mr. Speaker, we have been very patient here with all these consent requests. We certainly wish to take up the rule on the bill out of the Committee on Naval Affairs. I hope no more requests of this nature will be made.

The SPEAKER pro tempore. The observation of the gentleman from New York is timely and pertinent.

There was no objection.

The SPEAKER pro tempore. The gentleman from Tennessee is recognized.

Mr. GORE. Mr. Speaker, the rather desperate situation in the maneuver area in Tennessee arises out of the very fact that 26 counties in Tennessee were selected as a permanent maneuver area for the United States Army. Those maneuvers, however, are ending this week. Troops have been maneuvering in this area for several months with the heaviest type of equipment—30- and 34-ton tanks, the heaviest guns, all of the equipment used in the final maneuver training of troops before they go across—and they have completely destroyed miles upon miles of roads. In some instances, children cannot go to school, milk trucks cannot haul milk, nor can

the roads be used in any normal manner.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. GORE. I yield.

Mr. WOLCOTT. This bill has nothing to do with that situation. This is to increase the amounts available for the construction of access roads.

Mr. GORE. May I say, however, that the subject matter of the bill is such as to make pertinent an amendment authorizing sufficient funds to restore these roads.

Mr. WOLCOTT. I may say to the gentleman that this will probably become a very controversial subject. The committee did not have hearings on it.

Mr. GORE. The gentleman is mistaken, for I appeared before the committee myself on it.

Mr. WOLCOTT. We have not had any hearings on this particular question.

Mr. GORE. I am sure the gentleman must have been absent, because I myself appeared before the gentleman's committee on the question.

Mr. WOLCOTT. All right; we will say that hearings were held, but the committee did not see fit to increase the allocations for that purpose because we had nothing before us from the department that would justify any increase of these funds. We could not therefore accept an amendment such as the gentleman proposes without some report from Mr. McDonald.

Mr. GORE. Mr. McDonald appeared before the gentleman's committee. The gentleman was absent that day. Not only was Mr. McDonald there, but other representatives from the Public Roads Administration were there and representatives from the War Department. The War Department admits responsibility but expresses the preference that it be undertaken by the Public Roads Administration.

Mr. WOLCOTT. I was not there. My attention has not been called to it. I have in mind that it may be necessary to rewrite the formula by which the States are reimbursed for damage to the Federal highway system.

Mr. GORE. There is no intention on the part of the War Department so far as I have been able to find out to shirk the responsibility of restoring the roads. The roads have been utterly devastated by these maneuvers, but the War Department feels, as I understand it, that they have a war to prosecute and that if the Public Roads Administration can do the job then it would be best to have them do it.

Mr. WOLCOTT. I may say to the gentleman very frankly that if his amendment is offered it will probably cause considerable controversy. This bill itself has been called up under unanimous consent because it was urgently necessary to increase the funds for the construction of access highways. The gentleman's amendment brings in an entirely new question which I do not believe we, under the policy of the minority, can let pass without debate.

Mr. GORE. The access roads are no more necessary or urgent than the repair of roads in this area of Tennessee.

Mr. WOLCOTT. We can bring in another bill on that and we will if it is necessary.

The SPEAKER pro tempore. The bill has already been passed, and a motion to reconsider was laid on the table, but in view of the situation, the gentleman from Tennessee desiring to offer an amendment, if there will be no objection, and I have to put the question, the Chair will ask unanimous consent that the entire proceedings by which the bill was passed be vacated; but the Chair states frankly and wants it clearly understood that the Chair had no knowledge at the time the bill was called up under unanimous consent that any amendment would be offered. It was only on that understanding that the Chair recognized the gentleman; but the Chair will ask unanimous consent that the entire proceedings be vacated, in which event the Chair would then feel constrained not to recognize the gentleman from Utah.

Mr. ROBINSON of Utah. Mr. Speaker, I hope the gentleman from Tennessee will not insist on his amendment, but will let us proceed, because this is the only way we are going to get the money for these access roads which are needed by so many people.

Mr. GORE. Mr. Speaker, reserving the right to object—

The SPEAKER pro tempore. This may be a little irregular but the Chair will recognize the gentleman from Tennessee for 1 minute.

Mr. GORE. Mr. Speaker, it will not be my purpose to object to the passage of this bill, nor will it be my purpose if the proceedings by which the bill was passed are vacated then to object, nor shall I in any way stand in the way of the passage of this needed bill; but the gentleman from Tennessee cannot refrain from expressing deep regret that the arrangements which have been entered into are adjudged to preclude at this time the consideration of a matter of extreme urgency to the people whom he represents.

The SPEAKER pro tempore. The Chair is sure the gentleman from Tennessee recognizes the legislative situation and appreciates the position the Chair is in.

Under those circumstances, the bill stands as passed.

The gentleman from Illinois [Mr. SABATH] is recognized.

AUTHORIZING SECRETARY OF THE NAVY TO PROCEED WITH CONSTRUCTION OF CERTAIN PUBLIC WORKS.

Mr. SABATH. Mr. Speaker, I call up House Resolution 469 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 4381, a bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval

Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

Page 1, line 8, strike out "one hour" and insert in lieu thereof "two hours."

The committee amendment was agreed to.

The SPEAKER pro tempore. The gentleman from Illinois is recognized for 1 hour.

Mr. SABATH. Mr. Speaker, this rule was given to the former member of the Committee on Naval Affairs, now a member of the Committee on Rules, the gentleman from New York [Mr. DELANEY], who is unavoidably absent, believing that the bill would not be called up before 2 o'clock. In his absence I therefore call it up because it is urgent that we consider at this time the bill made in order by the rule.

The rule provides for 2 hours general debate. Originally it was contemplated and asked by the chairman of the Naval Affairs Committee that only 1 hour of general debate be allowed and that time was provided in the original rule. However, the Committee on Rules felt that a bill providing an authorization of about \$1,644,000,000 was of such importance that other Members than those on the Committee on Naval Affairs might also desire to speak.

Personally I want to congratulate and commend the Committee on Naval Affairs, especially the chairman of that committee, the gentleman from Georgia [Mr. VINSON], upon submitting a report which explains thoroughly and effectively every provision of the bill. You gentlemen who are interested may obtain the report and by perusal thereof you will find that very seldom have we been furnished such a splendid report, which gives the House complete information on every authorization, the total of which is, as I stated, \$1,644,000,000. That is a great sum of money, but the Navy requires it, and immediate favorable consideration of this bill should be had.

Mr. Speaker, addressing myself to the chairman of the Committee on Naval Affairs, I hope that in the interest of economy and in the interest of the country at large, he will bring home to the Secretary of the Navy the fact that it is absolutely necessary, in view of the ever-increasing taxes that are being levied upon our people, to have real economy practiced and that the heads of the various bureaus be instructed to be careful in letting and awarding contracts to the lowest and most responsible bidder.

At the same time I hope he will stress that any surplus property that is not needed by the Navy at this time, and which is contemplated being sold, will be disposed of in a manner whereby the people at large, and not one or two individuals, will have the opportunity to bid on the same so that the highest possible price may be obtained for the mil-

lions and millions of dollars' worth of property that is about to be disposed of. In the last session we passed a bill authorizing a committee of the House and Senate, a joint committee, to pass upon and examine all of the sales of Army and Navy surplus property but unfortunately our action has not yet been approved by the other body. I hope that it will be shortly, because I feel it is absolutely necessary for the Congress to watch carefully the disposition of this vast storehouse of surpluses that are accumulating and which are no longer needed.

I make this observation because I have heard and you have read in the newspapers how some of the surplus properties have been disposed of at ridiculously low prices, perhaps at 10 cents or 20 cents on the dollar. That should not be tolerated and we should safeguard our interests and the country's interests to the best of our ability. I recollect that after the last war a great deal of property was sold in a manner that did not do credit to the administration and those in power at that time. Some men were charged with fraud, some were indicted and I think convicted of defrauding or being party to a fraud through which the Government suffered tremendous losses at that time. In view of that fact I hope the chairman of this great Committee on Naval Affairs, who I realize has worked hard—he has had a hard task—will be particularly careful and see that the Government interests are protected, the same as he has done in other instances.

Mr. Speaker, with this statement I shall conclude my remarks because I cannot explain all of the provisions as ably as the chairman of the Committee on Naval Affairs. There are several hundred items that this bill covers and I know he can in a shorter space of time give the information and explain to you each and every item intelligently and to your entire satisfaction so that when the bill is considered there will be no question in the mind of anyone as to the need for this legislation and immediate action thereon.

Mr. Speaker, I reserve the balance of my time and I now yield 30 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this bill comes before the House with a unanimous report of the Rules Committee. I have since learned that there may be some controversy about the bill in connection with the Budget figures. The gentleman from New York [Mr. TABER], who has made a study of these figures, will take half the time under the rule to discuss that feature of the bill. In the Rules Committee apparently it is not necessary for very much consideration to be given any legislation fathered by the gentleman from Georgia [Mr. VINSON]. He merely appears before the Rules Committee, courteously favors us with a few words, smiles in his benign way upon us and goes out with a unanimous report of that committee. This is due, of course, not only to our confidence in the gentleman and his distinguished committee but because we are in a war and these items are regarded as military necessities. I am

glad, however, that the gentleman from New York will break down part of the bill and give the House the benefit of his investigation because that is our duty, to get all the facts. We cannot do that in the Rules Committee, but the Members of the House are entitled to have all possible information and to have a clear-cut debate upon what is before us.

Mr. Speaker, there is in this bill one major item of \$1,019,000,000 for overseas bases. This is two-thirds of the bill and I would like to make some comment upon that item. It does not tell us where these bases are to be set up and established. It just refers to "advance base construction, material, and equipment, \$1,019,000,000" out of a total of \$1,644,000,000 contained in the authorizations in this bill.

It is perfectly proper that they do not tell us where these bases are to be set up, and it is perfectly proper that they should be military secrets. On the other hand, I hope, as one Member of the Congress, that we will hold on to those islands that we have acquired in the far Pacific through the blood of our sons, if they can be of any service whatever for the defense of America in the future.

It seems to me that the Congress has a duty to perform, and that is to put the interest of America first and keep our interests uppermost all the time, because if we do not do it no other nation will do it for us. I feel that this is the opportune time and that we are not talking out of order when we take the floor in the Congress and say that we not only hope but we insist that these islands out in the far Pacific which can serve as defense bases for us in case of future wars shall be retained and that the sacrifices of our sons shall not have been made in vain, and I hope that the money contained herein, the \$1,019,000,000 will be spent on fortifying these islands for the strategic defenses of America. If we own those islands and have them properly fortified and defended, we need not fear any attacks on America unless those islands are captured by some foreign foe. We need not fear any attack by sea or possibly by air. If that is so, then we do not need universal military service after this war. We do not need to draft 2,000,000 young Americans into an army if we retain those islands in the Pacific and use them as an outer shield for the defense of the United States.

I am in favor also of negotiating with Great Britain to acquire every one of the islands on our eastern coast from Bermuda to South America, where we have airfields now on 99-year leases. We are not a 99-year country. We ought to own all of those islands outright for our own defense, and we should take steps to acquire them now. We ought not to go hat in hand and sneak in the back door of some conference after this war has been won and beg for those islands. We ought to point out to Great Britain, who is our friend and whom we helped save from disaster at the time of her greatest need, and are now giving her billions of dollars in lend-lease, that we want those islands for ourselves. They are of no use to her. We ought to speak out and not wait until the war is all over and then

crawl in the side door and whisper, "They might help us a little bit in the future."

Mr. COLE of New York. Mr. Speaker, will the gentleman yield?

Mr. FISH. I now yield to my friend from New York, and I would like to proceed with the argument I have been making after hearing his contribution.

Mr. COLE of New York. Of course, as the gentleman knows, I share his views completely, but I want to find out more explicitly what the gentleman's views are in regard to the retention of islands which might come under the American flag by reason of our conquest.

Is it the gentleman's view that we should retain islands acquired by us through conquest irrespective of the flag which was flown over those islands before we gained them, even though that flag might have been that of one of our allies?

Mr. FISH. My contention is simply this, that we should retain all the Japanese-owned islands that we need for the strategic defense of the United States; every single one that we need. We ought to serve notice that that is our policy; that we have won them by conquest and force of arms, and we are going to keep them if we need them for our own defense.

As to the other islands that might have flown another flag, if they are necessary for our defense, I think we ought to go to those nations in a forthright way and simply put our case before them in the most friendly manner and say, "We believe it is in the interest of our country and our national defense that we should acquire these islands," and I am quite confident that if we did that, and we did it aboveboard, openly, and fearlessly, and put all our cards right on the table, we would get the fullest cooperation, whether it was from the British or from the French or from any other nation.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. FISH. I yield myself 5 additional minutes, Mr. Speaker.

Mr. COLE of New York. Of course, the gentleman realizes that many of the islands taken over by the United States troops under the domination of one of our allies, principally Great Britain, were never a part of the British Empire, but were under the British flag only through mandate from the League of Nations, so the British Empire could not properly lay claim to those islands.

Mr. FISH. They were originally mandated as the result of the last war, and I think the gentleman has raised a very pertinent point. But I am not alarmed whether they were part of the mandate or even a part of the British Empire. I believe that Great Britain will agree to yield her sovereignty over certain islands out in the far Pacific if they are necessary for American bases. And I say that deliberately and it is a rather broad statement, because in the past the British Empire has not been very willing to yield any of her territory anywhere in the world, and I do not know that I blame her for it. It has been her policy not to haul down her flag. But we are facing an entirely different

situation. We are in a global war for the first time. We have certainly been most helpful to Britain in protecting her empire and her interests throughout the entire world. I would not want to believe for a minute that the British would not cooperate with us gladly if we made our position clear and made our requests openly and on a friendly basis. But when it comes to secret diplomacy, I know we are lost. I know we are lost if we wait until after the war. America has never won an international conference. We have never lost a war. I honestly doubt that we will win the post-war conference, but I am confident that we will win the war. The time to act is now, to speak right up in Congress as the representatives of the people, and have our State and War Departments go along with us and make these requests in a most friendly way.

If I thought these islands were of any use to Great Britain, or if I thought the islands off our eastern coast were of any particular use to them as far as their trade or their commerce is concerned, or if these islands were necessary to them for defense, it might be a different matter, but these islands are right off our own coast, all the way down, and should be owned outright by us as a protection to our coast and to the Panama Canal. We do not know what is going to happen 25 years from now as the result of this war. We do not know where and how far communism will spread. We do not know who our next enemy is going to be. We ought to look out for our own interests and protection. That is the policy of Great Britain; they always take care of themselves. That is why they have lived for 400 years as a great empire. All other great nations do. The time has come for us to protect ourselves, the lives of our sons, and our sons' sons, and our destiny as the greatest Nation I hope for the next 400 years.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. FISH. I yield myself another 5 minutes, Mr. Speaker.

Mr. COLE of New York. Mr. Speaker, I want to make sure I understand the gentleman's thought in regard to entering into negotiations with Great Britain as to these islands. Is it the gentleman's view that those negotiations should begin at once or that they might well wait until after the war?

Mr. FISH. No. My theory of the whole thing is that we ought to make our policy known now, clear-cut, and not wait until the war is all over and won, because if we do I do not believe we will get anything, not a foot of territory anywhere in the world. We are not imperialists. We do not want territory. We only want these islands for our own defense, and I think that is little enough to ask.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. So far as Greenland is concerned, we should have Greenland. The gentleman will remember that the United States sent

some Red Cross people over there instead of sending our troops in, and all the time, under the guise of Norwegians, we were sending in supplies.

Mr. FISH. I am convinced. I will amend my statement to include Greenland.

Mrs. ROGERS of Massachusetts. And Iceland?

Mr. FISH. Oh, I do not go as far as Iceland. I would like to stay on this side of the Atlantic. I do not want to get involved in any more European wars. Also, our soldiers are none too happy in Iceland at the present time.

Mrs. ROGERS of Massachusetts. We are a young country. I think in time we will win at the peace conference also.

Mr. FISH. I hope so.

Mrs. ROGERS of Massachusetts. We must and we will.

Mr. FISH. I sincerely hope the gentleman is right.

Mr. VOORHIS of California. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from California.

Mr. VOORHIS of California. Along the line of the gentleman's last remark, I take it he would not propose that we take over enough islands so that we could effectively protect a pipe line across Arabia?

Mr. FISH. The gentleman knows my views. I am against any such Arabian pipe-line dreams. I am against any such dollar diplomacy and imperialism which will lead us into another war.

Mr. VOORHIS of California. So am I.

Mr. FISH. I do not want an oil war. I want to stop these foreign wars or at least to keep out of them.

Mr. VOORHIS of California. Will not the gentleman agree that in all probability a pipe line of that sort clear on the other side of the world would be more likely in case of war to be a benefit to our enemies instead of ourselves?

Mr. FISH. I do not know whether it would be a benefit to our enemies or to ourselves, but I know that if we have a Government-owned pipe line some 5,000 miles away, in foreign nations, it might involve us in another war within 25 years. I think we have had enough wars for the time being. I do not know who will benefit in case of war, but I am quite sure if we follow any such imperialistic program we shall be involved in another war. Congress should put a stop to any such war-provoking and imperialistic program.

Mr. VOORHIS of California. Might it not be wiser to use the same money to buy out the Standard Oil Co. at Elk Hills, so we would have a secure reserve here at home?

Mr. FISH. That is probably around the gentleman's own district, and he ought to lead that fight. I have enough to do. But I would say that I do not see any reason to build with American dollars this Canol pipe line up in Alaska. It is bad enough to put \$100,000,000 into Alaska, but to put \$300,000,000 into the sands of the Arabian Desert is something I do not understand at all. Why not build a much-needed additional pipe line from Texas to New York to take care of the needs of 40,000,000 Americans?

Mr. VOORHIS of California. The Canol project is not in Alaska. If it were, it would be different.

Mr. FISH. The Canadian Alaskan project, I mean.

Mr. ROWE. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Illinois.

Mr. ROWE. What would be the gentleman's conclusion if we were to meet an unalterable "no" in the proposition?

Mr. FISH. If we are going to receive an unalterable "no" in the proposition? before this war is over.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Speaker, I yield myself 5 additional minutes.

If we receive an unalterable "No," I think then we ought to call the attention of some of these governments to the huge sums of money we have been lend-leasing them, which is a 90-percent boulevard one way and 10 percent return. That ought to be understood. We ought to have good accountants to know exactly what it is. I do not believe in driving any hard bargain, but I do not believe any nation will refuse us such a just request. We all know what happens in peace conferences, and what happens when the war is all over, and how quickly other nations forget the contributions made by America in time of war. That is why I am discussing this subject now, when we have an item of \$1,019,000,000 for overseas bases before us.

Mr. HARRIS of Virginia. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Virginia.

Mr. HARRIS of Virginia. Does the gentleman know whether or not any overtures or any efforts have been made to sound out the attitude of Great Britain on this question?

Mr. FISH. No; I am sorry, I am not in the confidence of the Chief Executive. I assume the gentleman is.

Mr. HARRIS of Virginia. The gentleman is not. The gentleman from New York is inaccurate in that statement.

Mr. FISH. I know that one of the gentlemen in the other body has been preaching this same doctrine for many years—Senator Tydings. He probably would know whether the State Department or the Executive has made any overtures. I know that this is not anything new with me because I took it up 20 years ago, as the gentleman from Georgia [Mr. Vinson] knows. I advocated it after the last war, and we got nowhere. We will get nowhere now unless we act before the war is over—unless we put our cards on the table and tell them what our interests are. This is the time to act. It will be too late when the cards are all down and the war is won.

Mr. COLE of New York. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. COLE of New York. It might interest the gentleman to know that some members of the Committee on Naval Affairs shared this view over a year ago and undertook to persuade the proper de-

partment of Government to that view, but met with no encouragement whatever.

Mr. FISH. I am glad to have that contribution. I did not know it. I think it was a very constructive act.

There is a little item in this bill that is of great interest to me and all lovers of soft ball. I am sure that Lowell Thomas—I am a member of his team, called the "Nine Old Men"—and many others will be interested in this. There is a provision in this bill for 14 soft-ball fields to be erected at the different naval hospitals. I believe there are 6 to be erected alone at the naval hospital outside of Washington. I call to the attention of the Members in a nonpartisan way, Democrats and Republicans alike, that later in the spring or summer we might have some practice games out there. We might even have Lowell Thomas bring his team down here, and the Members of Congress can give them a game on the new naval hospital soft-ball field for the benefit of the disabled gobs, for which this Congress is about to make an appropriation. Soft ball is a great American pastime and is growing all over the country. Even the women are now playing this game. I am glad we are about to provide that those who are being hospitalized as a result of this war will have an opportunity to get that form of recreation.

Before I conclude I want to call attention to the fact, which, of course, is very important to me, that there is an item in this bill of \$820,000 to build roads and wharves and repair buildings at Iona Island, in my new district. I can assure my colleagues that this is a much-needed improvement and a constructive project. This is a permanent ammunition depot located on Iona Island, about 50 miles up the Hudson River in Rockland County. This naval ammunition depot has been expanded during this war, but it will be continued as a permanent depot after the war. Therefore it does not come into the category of temporary war buildings that will be scrapped in a few years. I assure the House that the \$820,000 will be well spent and will serve a useful and lasting purpose for the permanent defense of our country.

The SPEAKER pro tempore. The time of the gentleman from New York has again expired.

Mr. FISH. Mr. Speaker, I yield the balance of the time on this side to my colleague from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, the war has been going along for 2 years and 4 months at this time. The Congress has appropriated enormous sums of money, larger sums than I believe have ever been appropriated by any other country at any other time. There has been a unanimous desire to provide funds sufficient to meet the emergency. Now we are approaching the time in the war when the additional facilities in the United States ought to begin to be less. We are approaching a time when it is incumbent upon the Congress, in my opinion, to appropriate money perhaps a little oftener and not quite so freely. We should not provide the Navy or the Army or any other institution with more funds than

they can within reason obligate and have put in use within a few months. This is so because of the manpower situation. It is so because of the requirement for additional men in the services.

It is so because we are getting to the point where it is necessary for us to show some selectivity in the projects which we embark upon. Right now the manpower situation is such that Mr. Nelson is telling us that with the changes in the draft requirements it is going to be necessary to slow down some of our activities. I have this in mind in connection with this bill. If any of you have the report of the committee before you, you will see that on page 46 of the bill there is a letter from the Honorable Frank Knox, Secretary of the Navy. If you will turn to page 2 of the bill you will see what was given to the authorization for the different items.

Fleet facilities: Requested, \$33,351,500. Amount of authorization, \$41,716,500.

Aviation facilities: Amount requested, \$182,594,000. Amount allowed, \$228,375,000.

Storage facilities: Amount requested, \$72,225,000. Amount authorized, \$90,335,000.

Marine Corps housing and training: Amount requested, \$20,287,000. Amount authorized, \$25,375,000.

Ordnance facilities: Amount requested, \$96,668,600. Amount authorized, \$120,906,554.

Personnel training and housing facilities: Amount requested, \$37,241,700. Amount authorized, \$46,579,670.

Hospital facilities: Amount requested, \$33,636,800. Amount authorized, \$42,071,750.

Shore radio facilities: Amount requested, \$3,246,000. Amount authorized, \$4,060,000.

Naval Research Laboratory: Amount requested, \$1,273,000. Amount authorized, \$1,593,550.

Miscellaneous structures: Amount requested, \$19,475,900. Amount authorized, \$24,360,000.

Advance base construction: Amount requested, \$1,000,000,000. Amount authorized, \$1,019,000,000.

I want to say this, that a Budget estimate has been submitted to the House by the President for the total amount requested by the Secretary of \$1,500,000,000, which is \$144,373,040 less than the amount of the authorization carried here.

For the item "Advance bases," which is an item that perhaps has to be as large as it is, and ordinarily so, the difference between the request and the authorization is only \$19,000,000, or a very small sum comparatively. I want to say that the hearings before the Byrd committee, and some of the hearings before the subcommittee of the Committee on Appropriations for the Army, indicate that we have rather largely overdone some of our appropriating. I am not going to criticize that policy in the past. I do say that we ought not to be too careless in the future. I do feel we ought to provide every dollar that is needed but I also feel that we ought to be much more careful in the future than we have been in the days past.

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield.

Mr. STEFAN. I see there are some provisions here for additional airports for the Navy. I was told by the Army today that the Army is releasing and offering to the Navy, if the Navy can use them, approximately 80 airports. I wonder if in considering this bill the committee has taken into consideration that these Army air bases which are not needed for the Army will be available for the Navy?

Mr. TABER. I do not know.

Mr. VINSON of Georgia. Will the gentleman from New York yield?

Mr. TABER. I yield.

Mr. VINSON of Georgia. I will say to the gentleman that in every instance we have tried to ascertain if the Army has abandoned property that the Navy can use, and for which they are asking authorization or appropriations. I want to say this, that the Navy Department, during the hearings, informed the committee that they had oftentimes inquired of the War Department if they had abandoned property, and they have not yet been advised what property has been abandoned that the Navy could use. However, if the Army has abandoned any airports that will fit into the Navy's program, the Navy will use them. Of course, the Navy should not use or build any new projects if we can use an Army project. We all recognize that.

Mr. STEFAN. Are there any of these airports that are available today for the Navy now?

Mr. VINSON of Georgia. Not now.

Mr. STEFAN. I was told so.

Mr. SABATH. Mr. Speaker, I am indeed gratified that on this important bill we were not obliged to listen to political speeches and personal attacks. I hope from now on that we will be able to cooperate, having in mind at all times the best interests of our Nation. In all the bills and rules that I have reported during this session and last session, there is not a single dollar appropriated or authorized to be expended in my own district. But I am trying, as you are, to do my share and my part, so that we can have cooperation and unity so as to bring about the early defeat of the ruthless enemy who has already cost us nearly 200,000 lives and billions of dollars in carrying on the war, with suffering and misery to a large number of our citizenry. I hope when we are through with the war we will bring about such a peace that for generations we will not subject others who come after us to be placed in the same unfortunate position we have been in for the past 2 years.

Mr. BATES of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. BATES of Massachusetts. Can the gentleman cite any illustration or recall any time that the Congress has not fully cooperated in the appropriation of money needed for the war effort?

Mr. SABATH. I am not going to talk about that.

Mr. BATES of Massachusetts. That is just a simple question.

Mr. SABATH. I could say that from the start we did not listen to the President, which I know everybody regrets now. But I do not wish to touch upon it.

Mr. BATES of Massachusetts. I am speaking from the standpoint of from the beginning of the war.

Mr. SABATH. I hope we will not in the future talk about things that have happened in the past; because we have been too careful, or too niggardly, or too indifferent to the protection of our country and providing for certain defenses recommended by the President whereby the things that have happened would not have happened.

Mr. BATES of Massachusetts. Since the declaration of war, has not Congress appropriated every cent we have been asked to appropriate for the War and Navy Departments?

Mr. SABATH. I said so, and I will say it again, I think we have acted as patriotic men and women in this House and that we have done our full duty, and I hope we will continue to work in harmony until this damnable war that was forced upon us is over and victory will be ours.

I will concede—in fact, I admit—that since the treacherous Pearl Harbor attack all of the Members, with few exceptions, voted for all the appropriations urged or requested by the military and naval forces. I am happy that for once during the consideration of a war authorization appropriation bill that the discussion of politics has not entered into the debate and therefore, I do not wish to call attention to the fact that some gentlemen opposed the appropriations for fortifications, bases, and so forth; nor how some Members in 1938, 1939, and even in 1940 viciously opposed some defense measures, but I am going to stop right here. I am not going to say what I have asked others to refrain from saying.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the resolution. The resolution was agreed to.

MINORITY REPORT ON H. R. 3693

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent that leave may be granted to file a minority report on the bill H. R. 3693.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

EXTENSION OF REMARKS

(By unanimous consent, Mr. MANSFIELD of Montana was granted permission to extend his own remarks in the RECORD.)

CONSTRUCTION OF CERTAIN PUBLIC WORKS BY THE NAVY DEPARTMENT

Mr. VINSON of Georgia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4381) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 4381, with Mr. MURPHY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with and the same is as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to establish or develop the following naval shore activities by the construction of such temporary or permanent public works as he may consider necessary, including buildings, facilities, accessories, and services, with which shall be included the authority to acquire the necessary land, and to continue or complete the construction of any project heretofore authorized or undertaken, which projects have been specifically approved by the Secretary of the Navy, with approximate costs as indicated: Fleet facilities, \$41,716,500; aviation facilities, \$228,375,000; storage facilities, \$90,335,000; Marine Corps housing and training, \$25,375,000; ordnance facilities, \$120,906,554; personnel training and housing facilities, \$46,579,670; hospital facilities, \$42,071,750; shore radio facilities, \$4,060,000; Naval Research Laboratory, \$1,593,550; miscellaneous structures, \$24,360,000; advance base construction, material and equipment, \$1,019,000,000: *Provided*, That the approximate cost indicated for each of the classes of projects enumerated above may, in the discretion of the Secretary of the Navy, be varied upward or downward, but the total cost shall not exceed \$1,644,373,024: *Provided further*, That prior to the acquisition or disposal, by lease or otherwise, of any land acquired for naval use under the authority of this, or any other act, the Secretary of the Navy shall come into agreement with the Naval Affairs Committees of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions or disposals; and recital of compliance with this proviso in any instrument of conveyance by the Secretary of the Navy under authority of this or any other act shall be conclusive evidence of the Secretary's compliance with this proviso as to the property conveyed: *Provided further*, That effective December 13, 1943, temporary housing is authorized for transient personnel of the Navy, Marine Corps, and Coast Guard, with their dependents, on a rental basis, for periods not exceeding 60 days, without loss of rental allowance or money allowance for quarters.

The CHAIRMAN. The gentleman from Georgia [Mr. VINSON] is recognized.

Mr. VINSON of Georgia. Mr. Chairman, this is an authorization bill for what is known as the shore establishment of the Navy, \$625,373,024 of it to be spent in the continental United States, and \$1,019,000,000 for advance bases outside of the United States.

The Naval Affairs Committee conducted a long hearing, as will be disclosed by the report which was purposely filed so that Members of the House can become thoroughly conversant with how this money is to be spent. We came to the conclusion that the facts justified a favorable report. So, therefore, we have submitted it to you with the recommendation that this bill do pass.

In the hearings it developed that the Navy Department had asked the Bureau of the Budget for \$1,644,373,024. The Bureau of the Budget arbitrarily reduced it approximately 20 percent, making it \$1,500,000,000. We conducted a hearing

to determine upon what ground or justification the Bureau of the Budget had, which required the Navy Department to reduce its estimate 20 percent, or in dollars and cents, \$144,373,024. After a thorough investigation the Committee on Naval Affairs was convinced, and it is justified by the facts, that the Bureau of the Budget did not have sufficient supporting data, or it was not predicated upon a firm foundation to refuse the estimate of the Navy Department, \$144,373,024. So, therefore, we restored the amount, which we felt that the facts did justify the Navy in asking, and the committee in recommending, the amount of money that the Navy had requested of the Bureau of the Budget, which was \$1,644,373,024.

The naval authorities, charged with the responsibility of prosecuting the war, said that on account of the expansion in the Navy of some 750,000 enlisted men, officers, and WAVES, it was necessary that this money be authorized to carry out the program. I have here a letter from Admiral Horne, which I will ask to have put into the RECORD at this point, stating that in the opinion of the military authorities, charged with the responsibility of prosecution of the war, it is absolutely essential that favorable consideration be given to these projects called for in this bill; that they are justified and are absolutely necessary to enable the Department to carry on the aggressive prosecution of the war.

The letter is as follows:

NAVY DEPARTMENT,

OFFICE OF THE CHIEF

OF NAVAL OPERATIONS,

Washington, March 17, 1944.

HON. CARL VINSON,

Chairman, Committee on Naval Affairs,
House of Representatives.

MY DEAR MR. CHAIRMAN: In connection with the consideration of the public works bill, authorizing the construction of certain naval public works, it has come to my attention that a question has been raised as to the necessity for additional construction within the continental limits of the United States. It appears that in addition to the conception that the Navy's continental shore establishment has already been built to ultimate capacity, there is a feeling that recent optimistic statements with respect to the progress of American arms would indicate a probable early termination of the war.

As already indicated in my oral statement to the committee, the continued expansion of the naval forces afloat and in the air automatically entails the necessity for a further expansion of the shore support for those forces. Surface ships due to go into commission during the current calendar year will require an increase in all categories of naval and Marine Corps personnel of approximately 750,000 persons, or an expansion of approximately 25 percent over our present forces. This personnel must be trained, equipped, and housed pending their assignment to duty afloat or overseas. The new ships must be outfitted and facilities built for their maintenance and repair.

As I have indicated to the committee, the great increase in our operations in the Pacific entails a corresponding increase in the facilities necessary to process personnel and matériel to serve the expanded operating forces. I can state, unequivocally, that the continental establishments which we now have are not adequate for this purpose, and that, unless additional facilities are con-

structed within the continental limits, the expenditures already made and to be made for ships and planes will not be fully productive. More important still, the direct operating support which the fleets and aircraft require from the continental United States will not be available to them, and the efficiency of our striking forces will suffer correspondingly.

The programs for continental shore construction which have been presented to the Committees on Naval Affairs and Appropriations are based upon detailed studies carried out by the various bureaus and offices of the Navy Department, whose missions have been assigned to them by the Commander in Chief in conformity with the over-all strategic plan formulated by the combined Chiefs of Staff and, in turn, transmitted through the joint Chiefs of Staff to the Commander in Chief, United States Fleets.

I would like to invite your attention to the fact that within recent months the development of new weapons and of new kinds of warfare has necessitated the establishment of new types of training facilities, experimental establishments and production plants. When consideration is given to the involved technical character of the warfare which we are now carrying on, it can be readily seen that as long as the war lasts we may expect such new developments.

With respect, specifically, to our training facilities both for surface craft and for aviation, we have reached a point where we can give the men complete and adequate training before they are sent into battle. It would be most unfortunate if a curtailment in the continental shore construction program should prevent our continuing this practice and thus increase the hazard to the lives of our fighting men. This is particularly applicable to the current status of our aviation training.

While we can face the future with confidence in our ability to carry this war to a triumphant conclusion, there is, in my opinion, nothing in the current situation which justifies a degree of optimism so great as to warrant a reduction of the preparations which we are making to bring the maximum weight to bear on the enemy. As I have stated hereinbefore, unless the necessary logistic support, is provided for the fighting forces, the direct expenditures made for those forces will not be fully productive, and our men will not have the implements which they need to do their job. As the necessary training, production, and operating facilities within the continental limits of the United States constitute an essential part of this logistic support, I sincerely trust that the Congress will see fit to make available whatever the Navy considers necessary for this purpose.

Sincerely yours,

F. J. HORNE,

*Vice Admiral, United States Navy,
Vice Chief of Naval Operations.*

So, with these facts before the committee, we either had to say we were going to be charged with the responsibility of running the war or else that we were going to support the men who are charged with the responsibility. Therefore we restored \$144,373,024 which the Budget had disallowed.

Mr. BATES of Massachusetts. Will the gentleman yield?

Mr. VINSON of Georgia. With pleasure.

Mr. BATES of Massachusetts. Is it not true that the testimony at the hearing showed that the Navy Department had already cut the estimates made in the field by 25 percent?

Mr. VINSON of Georgia. The distinguished gentleman from Massachusetts [Mr. BATES] developed fully the mechanism

by which these estimates reached the Department. It disclosed that the field—I mean the different naval districts—had requested far more than the Navy Department asked the Bureau of the Budget to allow; that they screened the estimates in the Navy Department; they scrutinized all of these requests. Then oftentimes they reduced the field estimates by 25 percent, 35 percent, 40 or 50 percent. Then when the Navy Department makes its decision as to the absolutely necessary items it goes to the Bureau of the Budget, and in this case the Budget arbitrarily said—I do not know for what reason or with what justification: "You must take a cut of 20 percent." The Naval Affairs Committee inquired into that and felt that the facts justified the approval of the amount the Department asked of the Bureau of the Budget.

Of course, it may be possible in this bill for a great amount of money to be saved by utilizing certain activities of the Army that have been abandoned. If it can, of course, the Navy will do so. The mere fact that a field or any other activity has been abandoned out in central Illinois, or Kansas, or Missouri, does not necessarily mean that it can work into the Navy's program, because the Navy is a seagoing organization, and it bases its training with that objective in view, and military facilities in connection with an Army base may not be suitable to work into the Navy's scheme. But if it can be worked in, then, of course, they will use it.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. With pleasure.

Mr. MOTT. Is it not a fact that the Navy has already considered what abandoned facilities of the Army it can use, and that it knows now, to a certain extent, and that was a fact in the consideration of this bill? I might state that in the program that was placed before the Roads Committee a few weeks ago for access highways it was stated that the matter of using abandoned facilities of the Army by the Navy had already been taken into consideration so that they would know what they needed.

Mr. VINSON of Georgia. I thank the gentleman from Oregon.

Now let me call the Committee's attention to how the committee handled this bill. When you break down and try to show how to spend \$1,644,373,024, or \$625,373,024, because there is no breakdown of the \$1,019,000,000, it requires considerable detail; but the Naval Affairs Committee did it. We read every one of these authorizations item by item to get an explanation and a justification for each one.

Mr. ROWE. Mr. Chairman, will the gentleman yield for a question at that point?

Mr. VINSON of Georgia. With pleasure.

Mr. ROWE. Of the \$1,500,000,000 carried was not the greater part the result of the Budget Commission's working with field and Navy Department requests rather than the Navy's recommendation itself?

Mr. VINSON of Georgia. No; the \$1,500,000,000 is what the Budget permitted the Navy to come to Congress and ask for. The Navy had asked for \$1,644,373,024 and the Budget approved only \$1,500,000,000. Under the customary procedure when the Budget disapproves an amount the department can come to Congress and ask for only the amount the Budget has authorized them to request, but that does not preclude Congress from saying what in its opinion is the amount the department needs to carry out its undertaking and its obligation.

Mr. ROWE. Then my conclusion is correct that the limitation of \$1,500,000,000 is by the interposition of the Budget limitation rather than by the Navy Department itself.

Mr. VINSON of Georgia. That is right; the gentleman is exactly right.

Mr. MOTT. Mr. Chairman, will the gentleman yield for another question?

Mr. VINSON of Georgia. With pleasure.

Mr. MOTT. Has the Committee on Naval Affairs always followed the recommendations of the Budget in respect to the expansion of the Navy, including the shore stations facilities? If we had followed their recommendations instead of our own judgment and the judgment of the Navy how far along would we have been with the program?

Mr. VINSON of Georgia. Let me say that I think we are charged with the responsibility of reaching the decision. We want to have it fortified, of course, by the Budget. I have no criticism of them, but I do feel that the Committee on Naval Affairs when it gets the facts is in a better position to make a decision.

Mr. MAAS. Mr. Chairman, if the gentleman will yield, we certainly would not have had Plum Point had we followed the Budget instead of our own judgment.

Mr. BATES of Massachusetts. And we certainly would not have had Quonset or the South Boston naval repair depot.

Mr. VINSON of Georgia. The Budget is all right. In this instance, in our opinion, the Budget was too conservative.

As I started to remark a moment ago when we had these hearings we took up each one of these items and had naval officers there to explain them. There are 29 members on the committee. They are just as much concerned about economy as anybody else in this country because our constituents have to pay taxes just like every other Member's constituents, and we have to pay them ourselves, so every dollar we possibly can save we do save, but we do not practice false economy.

Mr. PLUMLEY. Mr. Chairman, will the gentleman yield for a question?

Mr. VINSON of Georgia. I yield.

Mr. PLUMLEY. But the gentleman's committee did not undertake to justify every single item brought before us today.

Mr. VINSON of Georgia. To be absolutely accurate I may not have reached the same conclusion as the Department reached on each expenditure. I might have felt they could spend the money in another way to aid the prosecution of the war a little better. For instance I might not think it was necessary to have so

much recreational facilities at a naval hospital as to provide seven soft-ball fields at one hospital, but if the medical authorities are of the opinion that their patients require that I am not going to set myself up and say that that is not the way to accord those boys recreation facilities.

Mr. PLUMLEY. In order to win the war.

Mr. VINSON of Georgia. If I were charged with the responsibility I might say they should build some other kind of recreation facilities.

Mr. Chairman, we have tried to break this down. We have done two things in this bill: We have given flexibility and we have tried to retain control over the acquisition and disposition of property. Let me talk first about the proposition of flexibility. Because an item is included in the bill does not mean that each of these items is going to be constructed just like this report shows because the war changes; to use a military expression, the war is so fluid one cannot tell today what is going to be needed next week. It may therefore happen that some of these plants will not be expanded as called for in this report. But if the Navy Department brings in a new establishment, something new that has not been covered by the committee, they must come back to the Committee on Naval Affairs and notify it that what they contemplated when they appeared before the committee originally on this item must be changed to meet altered conditions, that they need to use the funds for another item instead of the one appropriated for. We have got to do this. We cannot tie them down to any hard and fast condition.

As I said before, we provide in the bill that no property can be acquired or sold until the Naval Affairs Committee of the House and the Naval Affairs Committee of the Senate have approved the transaction and approved the acquisition or disposition. We deemed this necessary for two reasons. First, because it lets Congress know what is going on; and, second, in the interest of economy it allows Congress to have a hand in the acquisition or sale of property.

Every week the Navy Department sends in to the Naval Affairs Committees of the House and the Senate requests to lease or buy this piece of property or that piece of property. We have a hearing on it at which time they justify it or if they fail to justify it the item is rejected. The gentleman from Minnesota [Mr. MAAS], the gentleman from Virginia [Mr. DREWRY], and myself have been delegated by the Naval Affairs Committee as a subcommittee charged with the responsibility—and we try to discharge that duty in a faithful and efficient manner—of seeing that economy prevails.

Mr. COLE of New York. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. COLE of New York. As an indication of the extensiveness of the responsibility of that subcommittee in passing on the acquisition of real-estate items, can the gentleman advise the committee as to the number of items the Naval

Affairs Committee has considered and passed upon?

Mr. VINSON of Georgia. I am sorry, I have not that information, but it is enormous.

Just as soon as we finish with this bill a hearing of our committee will be held with reference to renting property all over the United States. The officer must come here from the Navy Department and justify the acquisition before the Navy Department takes a lease. We wrote that requirement into law because we want the Congress to have control and a voice in these matters.

Mr. COLE of New York. As a matter of fact, the committee has passed upon well over 2,000 items.

Mr. VINSON of Georgia. Oh, yes; a great many.

Mr. Chairman, that covers this bill. We break it down so every Member may find exactly what is in the minds of the Navy Department. There is only one item in this bill that has not some immediate bearing to the direct prosecution of the war and that is an item with reference to certain expansion at the Naval Academy. That is not directly concerned with the prosecution of the war but it is indirectly in that it is affording better facilities for the training of the young men who come to the Naval Academy to be educated as officers of the Navy. We felt therefore that it would be perfectly proper to authorize it, but there will be no criticism from us if the Committee on Appropriations does not allow it on the theory only that all they are allowing is the immediate items necessary in the prosecution of this war.

Mr. BATES of Massachusetts. If the gentleman will yield, Mr. Chairman, and even in the question of the Naval Academy expansion program which has been recommended over a period of many years by the Board of Visitors to the Naval Academy, we did not until this year because of the expansion of our personnel and the training of cadets at the Naval Academy see fit to take care of this increase.

Mr. VINSON of Georgia. Mr. Chairman, if there are no further questions, I yield the floor.

Mr. MAAS. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. JENKINS].

FIGURES SHOW THAT ROOSEVELT CANNOT CARRY NEW YORK STATE IN 1944

Mr. JENKINS. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio [Mr. JENKINS]?

There was no objection.

Mr. JENKINS. Mr. Chairman, a strong Republican trend in New York shown by elections since 1940 indicates conclusively that Mr. Roosevelt cannot carry that State in 1944.

The most recent significant evidence of that trend occurred in a special election on February 29 in the Twenty-first District. There, the Republican candidate was defeated by a margin of only 1,531

votes by a Democrat who was also supported by the American Labor Party. The Republican vote was 10,136 and the combined Democratic-American Labor vote was only 11,707, of which incidentally only 8,481 were actually Democratic votes, the Republican thus receiving 46.4 percent of the total vote. This would leave 53.6 percent for the Democratic and the American Labor Parties.

In this same district in the 1942 election the Democratic and American Labor candidate had a plurality of 29,792, his vote being 60,558 against 30,796 for his Republican opponent. The Republican percent was 33.7, while the Democratic and American Labor vote was 66.3 percent.

The Republican percentage gain in the recent special election over the 1942 election was therefore 12.7 percent.

Although the Twenty-first District is a strong Tammany district, the Republican vote in this district in 1942 was only one-tenth of 1 percent less than the Republican percent of the vote for Representatives in Congress for New York City as a whole. Therefore, if the Democratic vote in this district has fallen off, it is only fair to assume that it has fallen off to the same percentage in the other districts in that city. In short, the gain in the Republican percent of the vote in the Twenty-first District indicates a similar gain in the city as a whole.

It may be argued that because at the recent election in the Twenty-first District the vote was much smaller than the vote in 1940 and 1942 that it is not a safe base of computation. It is generally considered that in off years and in elections in which the vote is light that the organization candidates get a larger percentage of votes than the nonorganization candidates. The Tammany organization and the Marcantonio organization were both united in their support of the Democratic candidate, yet their total strength in this, one of their most favorable districts in the State, was only 53.6 percent. If that is the best they can do in one of their most favorable districts in the State, what hopes have they when it is a recognized fact that New York outside of New York City always has been and will be Republican by a tremendous vote?

In the 1942 election 604,874 Republican votes were polled for Representatives in Congress in all New York City districts as against 1,177,949 Democratic and American Labor Party votes. The Democratic and American Labor plurality was 573,075.

If we assume a 12.7 percent Republican gain in New York City since the 1942 election, the Republican vote based on the 1942 figures just cited would be increased by 76,819 and the Democratic and American Labor vote would be decreased by a similar figure. This would raise the Republican vote to 681,693 and decrease the Democratic and American Labor vote to 1,101,130 with a resulting decrease of the Democratic and American Labor plurality to 419,437. In short, in an election held today, Democratic candidates for Representatives in Congress would not in the aggregate carry New

York City by more than approximately 420,000 as compared with 573,000 2 years ago.

It may be said that the picture will be more favorable to the Democrats if Roosevelt heads the 1944 Democratic ticket and that he himself would win New York City by a considerably larger plurality than the 420,000 just cited. This is not so. As a matter of fact, Roosevelt's 1940 vote in New York City was approximately 4 percent under the aggregate vote for Democratic Representatives in Congress, and his plurality in the city was about 225,000 less. When you consider that Roosevelt did not get as many votes in 1940 in New York City as the Democratic Congressmen got, you cannot successfully maintain that he is a strength to the ticket. The large number of new Congressmen who came into Congress through the 1932-34-36-38 elections came because of Roosevelt's popularity in States other than New York. The fact that for the past few congressional elections the Republican membership in the House of Representatives has greatly increased until the membership is about even is proof that the name "Roosevelt" has lost its magic.

Assuming that as of now Roosevelt is still 4 percent weaker in New York City than the city Representatives in Congress, the Republican vote in New York City can be increased by 4 percent over the aggregate of 681,693 which their Representatives in Congress would now receive and the Democratic total would be correspondingly decreased. On this basis the comparative vote in the Presidential election in New York City with Roosevelt heading the Democratic ticket and assuming that he would receive the support of the American Labor Party which he did in 1940 and which enabled him to carry the State that year would be:

Republican, 708,960; Democratic and American Labor Party, 1,073,503; plurality, Democratic-American Labor Party, 364,543.

While it is true that the total vote in 1944 will be much larger than the figures here used, which are based on the 1942 vote for Representatives in Congress, it is yet to be proved that the Democrats would benefit any more by a larger vote than would the Republicans. There is sure to be a big Republican increase in upper New York, while it is sure that there will no Democratic increase in the city of New York.

This Roosevelt plurality of 364,543 is far less than would be necessary to carry New York State in the face of the large up-State Republican pluralities. For only under landslide conditions is the Republican up-State plurality less than 400,000, and usually it is considerably greater. Thus, while in 1936 Landon's plurality outside of New York City was only about 263,000, and in consequence he lost the State by nearly 1,000,000 votes, Willkie in 1940 had a plurality of 494,029 outside of the city and only lost by 224,440. The present Governor likewise in 1938 lost the State to Lehman by the close margin of about 67,000, but had a plurality of about 602,000 up-State. In

1942 the Governor had an up-State plurality over the Democratic and American Labor Party candidate combined of nearly 655,000.

Mr. Hanley, in the special election of 1943 in his spectacular race for Lieutenant Governor, had a margin of nearly 670,000 outside of New York City. With a trend of this character Roosevelt would have to carry New York City by well over half a million to win the State in 1944.

If the Democrats and American Labor Party could carry this recent New York election by only a 7.2 percent majority then on a total vote of 3,213,707, which was the vote cast in New York City in 1940, they would only carry the city of New York by a vote of 231,386. This would not match the up-State New York vote by about 438,000. After making all fair allowances the Republican nominee for the Presidency should carry New York State by 350,000.

The total vote for Democratic Congressman in a large majority of the districts of New York was much lower in 1942 than 1938. This shows a general falling off of the Democratic vote in the State for the past 4 years.

In the 1940 Presidential election in the race between Wendell Willkie on the Republican ticket and Franklin D. Roosevelt on the Democratic ticket, Willkie received 3,027,478 votes and Roosevelt received only 2,834,500 votes. In other words, running as a Republican against a Democrat, Willkie got 192,978 more votes than Roosevelt got. In spite of this Roosevelt is given credit for having carried the State because the American Labor votes were counted for Roosevelt. The American Labor vote was 417,418. This was sufficient to wipe out the Republican majority and leave Roosevelt with a bare majority over Willkie in the whole State of only 224,440 votes.

Three-fourths of the American Labor vote in the State was cast in the city of New York. This group had a choice between Norman Thomas, the Socialist candidate, and Mr. Roosevelt. Mr. Thomas received a vote of 18,950 in the whole State of New York, most of which was from New York City. The American Labor Party which operates almost exclusively in New York City although it polled a very small vote proved to be the balance of power in the New York election of 1940.

Since 1940 the State of New York held a State-wide election for Governor in 1942. The figures in that election prove conclusively that New York is a Republican State and will without doubt go Republican in 1944. The Republican candidate for Governor carried New York State outside of the city of New York against the Democratic candidate by 732,404. The Democratic candidate carried New York City by only 85,309, leaving the Republicans a majority of 647,095 in the State. In that same election the American Labor candidate got a total in the whole State of 403,609, four-fifths of which were cast in New York City. If we would have given all of the American Labor vote to the Democratic candidate, the Republican candidate

would still have had a majority of 243,468.

Summarizing:

First. Roosevelt has never been as strong in New York as has been claimed. He has not been as strong as his ticket in recent elections.

Second. The Republican Party has been gradually gaining in strength and the figures show it is much stronger than the combined strength of the Democratic Party and the American Labor Party. The Republicans hold the governorship and control the legislature and are holding many positions of power and influence in the State. And there is an unmistakable Republican trend in the country.

Third. The American Labor Party, which is the New Deal Party, has but little strength outside of New York City. It is now being torn by disunity. It never was able to function effectively in State-wide elections. It will not be as strong in New York City as formerly.

Mr. MAAS. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD and also to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana [Mr. HALLECK]?

There was no objection.

Mr. HALLECK. Mr. Chairman, today there is being held in the Second Congressional District of the State of Oklahoma a special election to fill a vacancy in the House of Representatives. As bearing upon the significance of that election I desire to read into the RECORD an editorial which appeared yesterday in the Washington Daily News. The title of the editorial is "Oklahoma's Byelection." The editorial reads as follows:

OKLAHOMA'S BYELECTION

Having lost an uncomfortable number of byelections in the last year, the Democrats have wheeled in their heavy artillery to win the contest in the Second Oklahoma Congressional District tomorrow. They have sent no less a personage than Senate Leader ALBEN BARKLEY to sing the administration's song at Muskogee tonight.

On the record, the Democrats should win. If they can't carry that gerrymandered district they might as well quit. In its 30 years of existence the district has gone Republican only once—in the Harding landslide of 1920. In the last election, 1942, the Democratic nominee for Congress won by only 385 votes. But there were special circumstances which made the Republican vote so large. An unpopular Democratic Senator, Josh Lee, was being voted out of office; and a full Republican slate of candidates for Senator, Governor, other State offices and county and township offices, was on the ticket. In tomorrow's contest there are only the candidates for the Congress seat, and Democratic Bill Stigler is better and more favorably known than the Republican, E. O. Clark. There is no such thing in that district as a Republican organization, while the Democrats have State, county, and township machines working together.

In good years, the Democrats carry this district by 2 to 1; in normal years their majority is about 15,000. If the Democrat wins tomorrow it will be only what is expected. If the Republican wins it will be an upset that will reflect not a trend but a tidal wave.

Mr. EBERHARTER. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I may say to the gentleman that that editorial sounds very much like an alibi in advance. The gentleman is just presenting it here in the House so that Members of Congress who are Republican, in case they are disappointed tomorrow, may point to this editorial and the gentleman's little talk and say, "Well, we did not expect to win anyhow."

Mr. HALLECK. If I may suggest to the gentleman, speaking for myself, I am of the opinion that we are going to win although everyone knows we have an uphill fight in a strong, traditionally Democratic district. The fact of the matter is that the conditions as stated apparently do not quite satisfy the gentleman.

Mr. DREWRY. Will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Virginia.

Mr. DREWRY. May I ask the gentleman one question, if he would classify that statement as inspired propaganda?

Mr. HALLECK. No; I do not think so.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MAAS. Mr. Chairman, we have no further requests for time on this side.

Mr. VINSON of Georgia. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BRADLEY].

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. BRADLEY]?

There was no objection.

Mr. BRADLEY of Pennsylvania. Mr. Chairman, I want to say to the gentleman from Indiana [Mr. HALLECK] it seems as though he is expounding in advance the theory of "heads I win, tails you lose."

Mr. VINSON of Georgia. Mr. Chairman, we have no further requests for time and I ask that the Clerk read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to establish or develop the following naval shore activities by the construction of such temporary or permanent public works as he may consider necessary, including buildings, facilities, accessories, and services, with which shall be included the authority to acquire the necessary land, and to continue or complete the construction of any project heretofore authorized or undertaken, which projects have been specifically approved by the Secretary of the Navy, with approximate costs as indicated: Fleet facilities, \$41,716,500; aviation facilities, \$328,375,000; storage facilities, \$90,335,000; Marine Corps housing and training, \$25,375,000; ordnance facilities, \$120,906,554; personnel training and housing facilities, \$46,579,670; hospital facilities, \$42,071,750; shore radio facilities, \$4,060,000; Naval Research Laboratory, \$1,593,550; miscellaneous structures, \$24,360,000; advance base construction, material and equipment, \$1,019,000,000: *Provided*, That the approximate cost indicated for each of the classes of projects enumerated above may, in the discretion of

the Secretary of the Navy, be varied upward or downward, but the total cost shall not exceed \$1,644,373,024: *Provided further*, That prior to the acquisition or disposal, by lease or otherwise, of any land acquired for naval use under the authority of this, or any other act, the Secretary of the Navy shall come into agreement with the Naval Affairs Committees of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions or disposals; and recital of compliance with this proviso in any instrument of conveyance by the Secretary of the Navy under authority of this or any other act shall be conclusive evidence of the Secretary's compliance with this proviso as to the property conveyed: *Provided further*, That effective December 13, 1943, temporary housing is authorized for transient personnel of the Navy, Marine Corps, and Coast Guard, with their dependents, on a rental basis, for periods not exceeding 60 days, without loss of rental allowance or money allowance for quarters.

Mr. VINSON of Georgia. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. VINSON of Georgia: On page 3, after line 4, insert the following:

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to effectuate the purpose of this act."

The amendment was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and Mr. RAMSPECK having resumed the Chair as Speaker pro tempore, Mr. MURPHY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4381) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes, pursuant to House Resolution 469, reported the same back to the House with an amendment agreed to in Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered on the bill and amendment to final passage.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. VOORHIS] is recognized for 20 minutes.

COOPERATIVES

Mr. VOORHIS of California. Mr. Speaker, 100 years ago in a gloomy, depressed English village 27 men and 1 woman worked out a new method of meeting the economic needs of the common people of the world. These people

met together because they and their fellow citizens were in want of the common necessities of life. They had tried to secure an increase in their wages and had failed. In searching for some method of relieving their families' hardships, they hit upon the idea of pooling their meager resources and purchasing power and going into business for themselves. If they bought together the things they all needed, might they not be able to reduce the cost of the necessities of life?

It took them a whole year to accumulate a capital of 28 British pounds, or a little over \$100 in our money, with which to pay a quarter of a year's rental on a dingy little shop and to purchase their first supplies of flour and oatmeal. At first people made fun of them; and their little store was almost wrecked by rioters who sought to ridicule their efforts. But they had rediscovered the one basic principle upon which all human society must ultimately be based, the principle of group loyalty. On that principle they built their little business and out of that principle has grown the most solid single hope of human betterment that this distressed world knows.

For that little shop in Toad Lane in the city of Rochdale, England, gave birth to the cooperative movement which today claims the active participation and allegiance of more than 100,000,000 people throughout the world. In England today the original Society of Rochdale Pioneers boasts 30,000 members and a capital of 558,000 British pounds; while one-sixth of all British retail trade is handled by cooperatives.

The light of Rochdale spread to other countries, in some of which various forms of cooperative activity had been experienced throughout the centuries. In China there are records of a cooperative movement centuries prior to the day of Rochdale. Today the Rochdale pattern is being applied there and millions of Chinese are now developing their cooperatives. In Sweden, in Switzerland, in Finland, in Norway, in France, in Belgium, in Denmark, in Holland, and 30 or more other countries the cooperative movement developed.

In our country small cooperative societies began to develop almost a hundred years ago. Many failed and then sprang up again. Later the cooperative movement spread to the farms and culminated in the tremendous Grange movement of the nineteenth century. After another period of decline there began to grow the cooperative movement of today, perhaps the strongest united movement among the American people.

It is difficult to obtain absolutely accurate estimates of membership in this country, but it is fair to say that as many as 12,000,000 of our people are associated with the Rochdale cooperatives of this country—in credit cooperatives or credit unions; in health and insurance cooperatives; in grocery and oil and feed and seed and fertilizer and machine cooperatives. At least one-third of American farmers belong to some type of cooperative. More than one-third of the food supplied to our armed forces has been sent through cooperatives. Thou-

sands of our city people have been organized in cooperative societies which include farmers and city workers alike. For the cooperative movement is one which can and must abolish class lines of all kinds and bring together in a common enterprise townsmen and farmers and men of all classes, creeds, nationalities, colors, and kinds.

Out of the darkness of the present hour there come the clear voices of men convinced by long, and sometimes difficult, experience that here in this method ordinary men and women can find answers to their problems.

"I firmly believe that the people themselves hold in their own hands the tools to shape their destiny," said Murray D. Lincoln, president of the Cooperative League of the United States and manager of the great Ohio Farm Bureau Cooperatives. And under Lincoln's direction, not only are the cooperatives of Ohio proving the truth of what he declares, but through his leadership also cooperative organizations throughout the country are springing up to carry on.

Cooperatives once established are inherently strong institutions. Even opposition of the cruelest sort cannot kill them because they draw their inspiration from the deepest wellsprings of decent human action.

At this moment, cooperatives are of immeasurable importance to the democratic forces in this world. In China, for example, industrial cooperatives have been one of the most important factors in enabling the Chinese to continue the production necessary to their heroic resistance against Japanese aggression. The number of Chinese cooperative societies has jumped from 47,000 in 1937 to 167,000 today and the membership has more than quadrupled. The Ministry of Social Affairs of the Chinese Government, with the wholehearted support of the Cooperative League of China, is now promoting the organization of a closely coordinated network of agricultural and industrial cooperatives throughout the country. The agricultural cooperative societies will be linked up with the industrial cooperatives which in turn will be connected with the consumer societies. The agricultural cooperative societies will produce raw materials which will be supplied to industrial cooperatives. The industrial cooperatives will then use these raw materials for the manufacture of consumer goods and these consumer goods will be distributed to the cooperative members through affiliated cooperative societies. Under such a system production will take place for an absolutely assured market and a degree of economic security heretofore unknown in China can be established.

In Sweden the cooperative movement has played the most important role in shaping wartime economic policy. It has fought successfully against inflation and it has done it basically by guarding the supply lines. The Swedish cooperatives are directly and exclusively responsible for the fact that Sweden, though cut off from supplies from the rest of the world, has suffered so little from acute shortages. For, seeing the danger

of war and seeking to protect their members and their nation, rather than to profiteer as a result of scarcity, the cooperatives went out in the months before the war and bought great quantities of coffee, rubber, and many other things. When the war came, at the Government's request, the co-ops sold some of their supplies to the private trade which otherwise would have been seriously short of such supplies. The importance of this service by the Swedish cooperatives to their nation is impossible to overestimate.

In the United States cooperatives were the first to point out the necessity and justice of rationing scarce commodities. And had there been three or four times as many members of consumer cooperatives as there were when the war came, these institutions might well have been an important enough element in our trade to have controlled and kept down prices for consumers simply by means of effective competition. Even the O. P. A. might have been unnecessary except to control monopoly prices had the co-ops been stronger.

When Adolf Hitler undertook to conquer Europe and destroy democratic institutions on that Continent he was confronted by thousands of cooperative businesses and societies in every country he invaded. He tried his best to destroy them or at least to make them subservient to his purposes. He failed. And by a sort of poetic justice the cooperatives of the countries he has thought he conquered, may one day succeed to ownership of much of the property which he has stolen. For in discussing the problem of Nazi-seized property which the United Nations must face, *Fortune* magazine in May 1943 made the following highly important proposal:

After the period of reconstruction and rehabilitation, the administrators should turn the properties back to their rightful owners, whenever the latter can be found. If there is no one to raise a claim, either because the enterprises have always been in German hands or because the legitimate owners have been killed without leaving heirs, the administrators would have various alternatives. They could turn the properties over to the States for nationalization. They could sell them to competent, trustworthy, private individuals, perhaps even financing such men. Or they could adopt a third alternative: Turn them into cooperatives.

There are strong recommendations for this last course. By their very nature, cooperatives train those who participate in them in democratic methods; and while teaching self-reliance, they also teach interdependence—in a word, cooperation. These are qualities that we shall want to encourage. Moreover, while satisfying the European urge for amalgamation and integration, they also enforce competition. There have been many instances, especially in Sweden, where cooperatives have broken cartel-rigged price structures. Most important, the common people of Europe have had a great deal of experience with cooperatives, understand them, and like them.

Before the Nazis came to power, about one-seventh of the population of Europe belonged to one or another cooperative group. The English Cooperative Wholesale Society has grown during the war, but in occupied Europe the Nazis have confiscated co-op properties and funds and have done their best to uproot the whole idea. Indications are that they have not succeeded; that the movement

will command at least as many supporters once the Nazis are removed; and that with the restoration of the physical equipment the system can be put back in working order rapidly. If the orphan properties were handed over as well, the system could begin to function earlier and might soon give to many troubled parts of Europe the stable, satisfying character of the Swedish "mixed system" economy.

In addition to the suggestion made by *Fortune* with regard to a salutary disposal of property seized by the Germans, the cooperatives among rural and city people in the conquered areas of Europe also offer the one best way whereby a program of true rehabilitation can be carried out in those nations if only the United Nations seize upon the opportunity. For how much better it would be to help these people to help themselves by providing seeds for planting, eggs for hatching, and loans of needed commodities to be distributed through the cooperatives as wages to their own fellow citizens for work in rehabilitating their countries instead of relying upon the direct relief of a charity sort which otherwise will in all probability be employed.

In this connection Dr. J. P. Warbasse, president emeritus of the Cooperative League of the United States, had the following to say at the recent international conference of cooperatives held in Washington under the sponsorship of the Cooperative League of the United States of America:

The common man has two things which are essential for the development of the cooperative movement after the war. He has working power and consuming power. The consuming power is a necessity and the working power is an essential in order that he may live to enjoy that necessity. We in the cooperative movement disapprove of the idea that he is to be assisted by philanthropy. The resources made available by the taxing power of governments make available funds for beginning rehabilitation. It is the cooperative program that the funds collected by governments which these governments otherwise would use in a philanthropic way, making presents to individuals in order to keep them alive, should be allocated to individuals who are organizing for the purpose of self-help rather than for the purpose of getting something for nothing. These people, with the consciousness of self-help and mutual aid, organized in cooperative societies, can take such funds and by their own efforts gain more advantages for themselves and get more rehabilitation than if each individual is treated as a mendicant and receives the largesse of his government.

Is not this the answer to the problem so often expressed as to how we are to exercise our humanitarian desire to help the people of war-ravaged Europe without turning them into dependents upon our charity?

Let us help people to help themselves, and in so doing let us try to rehabilitate in a way that will lead naturally into permanent reconstruction—

Said Wallace Campbell at the same conference on international rehabilitation through cooperation.

And as to genuine reconstruction—

He continued—

we have talked a lot about the century of the common man. Here is a formula whereby the common man can get into action

right away. We have talked about wholesales in this international scale, but we have got to see that after the holocaust is over in Europe, these ordinary people can do something for themselves, and this cooperative business is a way for neighbors to get together, even in small groups of half a dozen to a hundred, to a thousand—getting together in groups to do something for themselves. And actually, the people's business, which is our nickname for cooperation, is a way for the common man to take hold of this century and make it his own.

Francis Gabrovsek, a member of the Yugoslavian Parliament and now associated with the Yugoslav Committee for Post-war Reconstruction in London, has made the following significant argument for the use of cooperatives in reconstruction work:

In our country most of the people are members of cooperatives * * * our people understand that they own the cooperatives. * * * We must do everything to respect the dignity of man and to insist that the state must realize it is the subject of man and not that man is owned by the state. That is the precise issue in Europe today and, in fact, the issue before the entire world. We must make our choice and we will make our choice in some degree in the rehabilitation machinery which we set up.

It is not only in the devastated and war-torn regions of the world, however, that the cooperative movement offers hope of a brighter tomorrow. Here in our own country we confront at war's end the age-old problem as to how a reasonable security of life can be assured to the average citizen at the same time that he retains those freedoms and that liberty which Americans have always prized so much and which lie at the root of our constitutional governmental system. On the one hand private monopoly, stronger than ever before, will seek to restrict production and to exact monopoly prices from the consumers of the Nation. On the other hand there will rise the danger of ever-growing government with more and more people depending on it for some form of direct action to aid them in their difficulties. Somewhere between these two extremes there must be found a middle road, a means whereby groups of citizens by the application of intelligence and initiative can work out, without governmental assistance or special favors of any sort, a reasonable answer to their problems. Fortunately for us there are already millions of people in our country who have put into practice the cooperative method of doing business which offers this middle road.

What then are the principles of organization which have enabled the average man, whether he be farmer, consumer, or city worker, to develop for himself the answer to many of the problems which have confronted him? The basic Rochdale principles are now well known to many people, but they certainly belong here in this speech delivered on the one hundredth anniversary of this truly great movement. Here they are—seven in number:

First. Membership open to any man of good will whoever and whatever he may be.

Second. One member, one vote; no voting by proxy.

Third. Share capital is paid a limited return—usually 4 percent.

Fourth. Earnings of a cooperative are returned to each member to the degree to which he has used it—the patronage dividend.

Fifth. Neutrality on the part of the co-op in religion and politics.

Sixth. Trading on a cash basis and at the going market price.

Seventh. Education of members and nonmembers with reference to cooperative principles.

Based on these principles, by 1941, 6,000 consumer cooperative stores had been established in the United States, with a membership of a million and a half and doing an annual business of \$583,000,000. There were in 1941, 660 service co-ops with 177,000 members, 700 Rural Electrification co-ops with 575,000 members, 9,510 credit unions with over 3,000,000 members, and 6,800,000 members of insurance cooperatives.

The farm people of America, who through the years have been noted for their practical common sense, have led the way in the formation of cooperatives in the United States. Not only do over one-third of the farmers of America sell their crops cooperatively but cooperatives of farmers purchase approximately one-sixth of all farm supplies bought in the United States. These purchases consist largely of feed, seed, fertilizer, oil, and gasoline, which products are being manufactured and produced to a greater and greater extent by cooperatives belonging to the farmer consumers.

Mr. Howard A. Cowden, manager of the Consumer Cooperative Association, of North Kansas City, Mo., one of the most successful cooperatives in the whole world, has pointed out that through cooperation the common people are able to own the things for which they pay. He has emphasized the fact that whereas consumers in purchasing the products of industry actually pay for the industrial plant and the distribution mechanism through the prices of the goods they buy, it is only when they become members of cooperatives that their payments result in their own ownership of the plant or industry involved. Thus through cooperatives hundreds of thousands of American citizens who otherwise could never hope to hold ownership in any part of the great industrial structure of this Nation are able to increase and broaden their stake in the economic life of our country. Thus a road to true independence, to real free enterprise lies open, the importance of which to the future of our country is hard indeed to over-emphasize.

A cooperative differs from a joint stock company primarily in the fact that it is a business organization where a large number of people with small resources pool these resources together in order to go into the business of either manufacturing or purchasing for themselves a certain product, or of selling to themselves certain products jointly purchased. The ordinary corporation, on the other hand, comes into existence because a small number of people with large capital organize the corporation for the pur-

pose of manufacturing and selling certain products to other people at a profit.

Perhaps one or two examples of the successful operation of cooperatives in our own country will give specific point to the message of this speech.

The close of the First World War saw American farmers face to face with a commercial fertilizer combine as powerful in its field as any trust in the land. The monopoly refused to reduce its prices to levels which farmers could afford. True to the basic principle of American freedom the farmers accordingly went into business for themselves. They began by pooling orders for carload lots of fertilizer. Sometimes their local distributors, under the thumb of the Fertilizer Trust, refused to deal with them. But their business had soon become large enough so that the cooperatives were able to buy on contract from the large chemical companies. By the late thirties the cooperatives of Ohio, Indiana, Pennsylvania, and a few other States, were in a position to pool their resources and build their own fertilizer factories. At last the Fertilizer Trust began to cut its prices. It attempted to cut them to such a point as to ruin the cooperatives' business, but the cooperatives were possessed of a resource which monopoly did not understand. That resource was the loyalty of their membership. The membership "stood behind" the cooperatives and they were able to likewise cut their cost of production through capacity operation of their plants, and to meet the price cutting of the monopoly on its own ground. These farmer-owned cooperatives now operate 13 fertilizer factories in 9 States in the United States. Meanwhile the Department of Justice has brought action against the fertilizer manufacturers for a monopoly in restraint of trade. But already the problem was largely solved by groups of free American farmers without necessary recourse to governmental intervention, and to a considerable extent the so-called Fertilizer Trust had ceased to exist.

One hundred million dollars' worth of petroleum products are handled each year by cooperatives in the United States. In the State of Indiana the margin on gasoline delivered by tank truck to farmers was 7 cents per gallon when the cooperatives went into business several years ago. Today that margin has been reduced to scarcely more than a cent per gallon. Similar stories could be told of the situation in other States. By 1942 more than a fifth of all refined petroleum products consumed on farms was being supplied by consumer cooperatives. Today some of these cooperatives have built their own oil refineries and acquired ownership of a number of oil wells. One such refinery constructed by the Middle Western Consumer Cooperative Association at Phillipsburg, Kans., has had a history which is worth briefly recounting. In accordance with sound cooperative methods, the products of this refinery were sold at the going market price and the margin of earnings between cost of production, on the one hand, and that market price, on the other, was devoted to the liquidation of the entire cost of

construction of the refinery before any patronage dividends were paid. It took less than 3 years for the entire construction cost of this refinery to be paid off, simply by devoting its earnings to that purpose. Not only does this mean that by the pursuit of sound cooperative business methods the farmers and other members of the consumer cooperative association now own an oil refinery, free and clear of debt, but it also indicates how very substantial a margin of profit has normally been included in the price of refined petroleum products. Information of this sort made available to the American people out of the hardest, most practical sort of experience is, I think, clearly invaluable not only to cooperative members but to the Nation as a whole. Every inch of the way they have been fought by the oil monopoly. But the cooperatives are still growing and expanding, and they may yet give us the constructive answer to the basic problem of our oil industry.

The fire-insurance companies are coming to Congress asking it to pass legislation exempting them from the anti-trust laws. Apparently these insurance companies are blind to the fact that the very Federal regulation which they are seeking to avoid would become inevitable as a result of the kind of monopolistic practices which almost certainly would further increase if Congress gave them the green light by preventing the anti-trust laws from reaching these insurance companies. Meanwhile, however, the Farm Bureau cooperative insurance companies of Columbus, Ohio, have demonstrated another way. From the date of their organization in 1926 these companies have grown and expanded until now they serve 11 States. They have served as a constant yardstick as to the cost of insurance and insurance service on the part of the old-line companies. In the State of Ohio, for example, they have been directly responsible for reduction of the insurance premiums on school busses by some 40 percent. Meanwhile these cooperative insurance companies have been in a position to pay patronage dividends ranging from 25 to 40 percent of the amount of the established premiums.

Cooperatives are in the best tradition of America. They bank on the free enterprise and initiative of Americans. They do not look to the Government for help, nor do they produce solely to make profit. Cooperatives are an evolutionary development away from the old savage idea of survival of the fittest and toward a new and more civilized idea of mutual aid—a means whereby each citizen can look after his own self-interest and simultaneously contribute to the social good. The effect of such organization is to increase individual responsibility and develop individual freedom. Cooperatives are potentially the most efficient form of business ever devised, because they distribute and produce goods for a known demand. There need be no gambling on raw materials, on inventories, or on markets. They eliminate the excessive cost of selling in a competitive market, for the plants are owned by the

customers. At the same time, by their very nature they tend to encourage an economy of abundance rather than an economy of scarcity. Dr. Warbasse expressed a basic cooperative principle when he said, "If any business can supply people's needs more effectively than cooperatives, then we welcome that business." The contrast between such a philosophy and that of monopoly, scarcity, and restraint of trade is so obvious as to require no comment.

At the present time it seems to me that three distinct trends exist in this country, any one of which may become dominant as we strive to solve our economic problems.

The first is the tendency toward big monopoly producers controlling the economy. They produce that which is most profitable to sell—but not too much of it—and they charge all the traffic will bear. If the devil does not take the hindmost, he most assuredly takes the consumer. These monopoly producers, although they are disturbed somewhat by Government regulation, are nonetheless strong enough to control the supply of many types of goods in this country, and if they become dominant after the war we will once again experience the artificial scarcity, the lack of widespread purchasing power, and the concentration of control which brought on the depression of 1929.

However, we were pretty badly scared by the years of unemployment and hunger and distress in that depression. So it may be that we shall try to avoid the evils of big business by adopting those of big Government. We may set up large and flourishing bureaus to control business. We may plan huge programs of deficit-financed public works to make sure that everybody has at least some means of working for a living. Along this road lies the danger of a constant growth of Government, and whatever it be called, it will be organization from the top down and not from the people up.

Neither of these prospects looks very attractive to me, and I doubt if they do to the little men in this country: The white-collar workers, the farmers, the school teachers, the ministers and lawyers, the small storekeepers, the laborers in our factories, the men who sail our merchant marine. Either picture looks like something a long, long way from the realization of the American dream. The first will make a few people mighty rich and a lot of people mighty hungry. The second will increase the population of Washington, and will lead us to the very philosophy of state control which we are fighting all over the world this moment.

But it is not required of us that either of these situations come into being. True, the seeds for both exist at this time in American soil. But another kind of seed lies also in the fertile ground of this country—one which has grown and expanded since its first beginning—the cooperative way of doing business. It was not so long ago that our country was in the grip of the great depression. We were confronted with the strange paradox of a vast productive capacity standing idle while people were in want of the

very things they themselves were readily capable of producing. We did not know then how to get the necessary purchasing power into the hands of the people who needed food and because we had the idea that if people had no money to buy food it was better to destroy it, we at first wrung our hands and let so-called surpluses go to waste. Introduction of the so-called stamp plan and especially of the school-lunch program changed this to some extent and it is in my judgment nothing short of tragic that the present Congress should have refused to authorize that same school-lunch program when it had the opportunity a couple of weeks ago.

When this war has finally been won we shall be confronted with the undeniable necessity of preventing the conditions of 1929 from returning again to our country for we shall have, coming back from winning this war, a generation of young men who by and large will be the same young men upon whom the great depression came, depriving them of their rightful opportunity as American citizens to work, earn a living, marry and raise children. No, Mr. Speaker, those things simply cannot happen again. No duty has rested more insistently upon any public body in all the history of the world than rests the duty upon this Congress of putting the feet of America on a road to true economic health after this war has been won. And if experience means anything, it means that if we are to accomplish that purpose it will be a woefully inadequate method simply to return to the policy and program of the 1920's which led inevitably into that great depression of which I have just spoken. No; we have to be men enough to face the future with courage and to know that it is going to be different from the past.

The burden of my speech today, however, is not to ask for congressional legislation, or to suggest the passage of any bill, or the appropriation of any money. Quite the opposite. For a cooperative movement depending upon the subvention of government becomes no cooperative movement at all. What I am really asking for is understanding. Understanding of the need of people confronted by a great crisis in their history, to have available at one and the same time, a method of solving their everyday economic problems which can also give them a profound inspiration and make them feel that, in their day-to-day dealings with their fellowmen, they are helping in some measure to bring the kingdom of God on earth.

If I did not believe cooperatives could help to do this, I would not be making this speech today. But they are founded, as I have said before, on the basic principles of group loyalty and mutual aid which lie at the base of every great religion the world has ever known, and especially at the base of the Christian religion which most Americans profess. Nor is this all. For by the necessary fact that the cooperative is devoted to the service of its own members, so the impact of its influence in the market places of the Nation must necessarily be one

which will benefit not only its own members but all other citizens as well.

And so, Mr. Speaker, on this hundredth anniversary of the birth of cooperation in a dingy English village, I hail the courage, the foresight, and the devotion of those men and women around the world who are offering by practical demonstration to future generations, not only a solution of the problems which have afflicted the nations ever since the industrial revolution came to England a couple of centuries ago, but also a way of life in which they and their children can walk with happiness.

Mr. ROWE. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Ohio.

Mr. ROWE. The cooperative and the corporation find their premise in the same organic law of free enterprise, however, do they not?

Mr. VOORHIS of California. They certainly do.

Mr. ROWE. The only difference between the two is the matter of the motives that actuate the people who comprise those institutions.

Mr. VOORHIS of California. Partly that, but may I add to my answer to the gentleman that where people say that those who form a cooperative are violating the American way of life, or something of that kind, what they really are saying is that a few people with a lot of money who organize a corporation to sell a product at a profit to others are in accord with the American principle, but that a lot of people, each with a little money, who go into exactly the same line of business and sell at the same market price, but who do it in order that they themselves who own the business may directly benefit, are not in accord with the American way of life. I just do not follow that argument, and I know the gentleman does not, either.

Mr. ROWE. I think I can agree with the gentleman in his conclusion in that respect. However, I do feel that the charge of selfishness may be made against the cooperative as well as the corporation. That being true, it would be a difficult thing for any charity to emanate from that source any more than from a corporation.

Mr. VOORHIS of California. The motives of cooperating is inevitably different.

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Arizona, who is always deeply interested in anything which will increase the welfare or add to the freedom of the people.

Mr. MURDOCK. The gentleman's account of cooperatives through 100 years is very interesting and instructive. I hope the gentleman will extend his remarks so as to include illustrations of cooperatives.

Mr. VOORHIS of California. I have done so. One illustration is from fertilizer, one from oil, and one from insurance.

Mr. MURDOCK. I should also like the gentleman to include in his extension of remarks an answer to the question I am about to ask, which I fear he cannot answer in his limited time remaining. Is not the ideal cooperative, which the gentleman is so appropriately eulogizing, based on sound business principles of traditional American free enterprise and private property?

Mr. VOORHIS of California. I agree with the gentleman. Indeed through cooperatives many, many of our people have discovered their only opportunity to engage in free enterprise and to acquire modest property rights which they could not otherwise have had.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Michigan [Mr. JONKMAN] is recognized for 20 minutes.

SUGAR RATIONING

Mr. JONKMAN. Mr. Speaker, on two different occasions during recent months the President has stated that sugar rationing could probably be dispensed with. In a newspaper release dated February 26, 1944, the War Food Administration stated that civilian supplies of sugar would be lower in 1944 than they were in 1943. A release by the Department of Agriculture appearing in the newspapers on March 21 last, bore the headlines "Big sugar surplus forecast this year."

The Republican Congressional Food Study Committee has given a great deal of attention to this problem and finds no excuse for these contradictions.

It is contradictory statements like these, constantly emanating from administration sources, that cause some of the confusion that exists not only in the administration of our food problems but in the minds of the American people. No one has a right to play politics with the food supplies of this Nation, yet there are many who believe that the rationing quotas of sugar have purposely been reduced to commercial users for the first 6 months of 1944 in order that a grandstand, magnificent gesture may be made by the administration just prior to the elections by removing sugar from the ration list.

Five of the most important basic foods of this country are bread, meat, milk, butter, and sugar. There have been repeated threats of milk rationing because of the critical cattle-feeding problems that have been created by the lack of coordinated administration of food production and distribution. This same lack of coordination now threatens the rationing of bread before another 12 months have passed. We have had feast and famine periods with rationed meat. The continued control of theoreticians in dealing with our problems of food—and meat in particular—will continue these periods of feast and famine, with a gradual deterioration in the quality of the meat we can purchase below the level to which it has already fallen. The application of roll-back subsidies to rationed butter caused it entirely to disappear from the markets for a long period of

time, with a loss of some 100,000,000 pounds of butter to domestic consumers. Housewives of the Nation, with ration stamps, were not able to use those stamps. And now these same New Deal dreamers are developing a scarcity of sugar.

True they have not reduced the amount of sugar the American housewife may go to the store and purchase. She has not complained about her sugar rations. The American housewife has taken all forms of rationing with good grace and little complaint, believing that these things were all necessary to win the war. The reduction in the sugar allotment has been made in a back-handed slap against the housekeepers of the Nation by further curtailing commercial use of sugar by bakers, confectioners, beverage manufacturers and bottlers, dairy product processors, canners, flavoring extract manufacturers and others, to only 70 percent of their 1941 consumption. Industry is puzzled and bewildered by this action, for it is known that the stocks of sugar carried over from last season to this season were more than 1,000,000 tons above that carried over in peacetime years. The sugar allotment to commercial users had already been cut to 80 percent of the 1941 pre-war level, and there appears to be no justification whatsoever for a further decrease to 70 percent.

It was not difficult to understand the reasons for a decrease in the sugar supplies available in 1942 and the first half of 1943. There was apparent reason for strict sugar rationing to decrease the use of sugar because of the loss of a million tons of sugar a year normally shipped from the Philippines; from the forced reduction of nearly 200,000 tons a year that was produced in Hawaii; because of the serious shortage in shipping and because of the losses sustained by submarine action in the Caribbean area.

There is undoubtedly some justification for a continued rationing of sugar, particularly for commercial use and to prevent hoarding, until the risks of war are eliminated. But there can be no justification in the light of the supplies now available for such severe restrictions upon the commercial use of sugar as to create unnecessary handicaps and changes in the dietary habits of our people today. Conditions are entirely different from a year ago. The submarine menace has been licked. American industry produced over 2,000,000 tons of shipping last year and more than 1,000,000 tons in 1942. The United States and the United Nations as a whole have infinitely more ships and better ships today than at any time in history. The excuse is being made that the demands for the coming invasion of Europe require all of the ships that can possibly be made available to carry supplies to our troops overseas. They should have those supplies, and the ships should be furnished to transport them to the right locations in every part of the globe. Information that comes to hand, however, indicates that there is such poor administration in the use of these ships that

millions of tons of shipping of needed commodities are lost forever.

It is reported that so many ships are engaged in the transportation of materials of war to our overseas forces that we do not have the dockside facilities quickly to reload those ships upon their return to this country. As a result, it is alleged that ships sometimes wait as long as 30 and 40 days after their return from overseas to be reloaded with further military supplies. If this fact is true, there is no reason under the sun why many of these ships on their way back from European ports cannot stop at Caribbean sugar ports and bring into the United States all of the sugar that is available at offshore points.

It is a sad travesty on democratic administration of government that in a land where American industrial ingenuity can convert from a peacetime basis to a wartime basis without destroying the standard of living, as America has done, that we cannot have in Government offices that caliber of men who can practically meet the problems our wartime economy creates.

Before the war our greatest annual consumption of sugar in the United States totaled 6,750,000 tons, with a normal carry-over of from one and one-half to two million tons. On January 1, 1944, the total continental stocks and offshore stocks of sugar carry-over amounted to 3,026,000 tons. It is estimated by industry that the total production available to the United States will amount to 7,950,000 tons in the year 1944, which, with the carry-over of 3,026,000 tons, will total 10,976,000 tons. This is exclusive of 800,000 tons to 1,000,000 tons which will be converted into molasses for the alcohol program. The allocations for non-civilian sugar usage during the first half of 1944, according to the War Food Administration, is as follows:

Armed forces and war services, 269,378 tons; lend-lease and other purposes, 79,618 tons; other noncivilian uses, 573,580 tons; which is exclusive of another 500,000 tons the War Food Administration estimates will be shipped direct from the Caribbean area to the United Kingdom, Canada, and Russia during the entire year. If we double these amounts to produce an annual estimate, they aggregate about 1,848,000 tons, which, with 500,000 tons for our allies, totals about 2,350,000 tons. In addition, 200,000 tons is to be set aside as a reserve for the alcohol program. This leaves a total of 8,425,000 tons for domestic consumption and carry-over on January 1, 1945.

While the War Food Administration estimates that a minimum of 1,607,000 tons should be retained as a carry-over into next year, I would prefer to allow 2,000,000 for this purpose. This would leave 6,425,000 tons of sugar available for domestic civilian consumption in the United States.

On the basis of present rationing, the O. P. A. proposes to curtail civilian consumption to only 4,800,000 tons. No one can explain what the purpose is of the additional 1,625,000 tons of sugar.

There can be no possible legitimate reason for curtailing the commercial use

of sugar to 70 percent of the 1941 consumption when there is a visible supply of an excess quantity of 1,625,000 tons for which no use is being considered.

In discussing this matter with officials in the administrative branch of Government, I learn that they refuse to consider sugar as available unless it is within the continental limits of the United States. Some of them maintain that the War Shipping Administration will not make the ships available to them. I have already pointed out how by a mere matter of sensible administration in the routine of ships now engaged in North Atlantic transportation they can readily bring into the United States far more than the potential production of sugar in the Caribbean area. But, presuming that this is not feasible, let us look at the matter from another viewpoint. The American merchant marine has been built up to more than 2,000 Liberty ships of some 10,000 ton capacity each, and there are hundreds of other oceangoing vessels capable of carrying sugar and other freight. The reduction of sugar rationing to commercial users from an 80-percent level to a 70-percent level amounts to less than 20,000 tons of sugar per month. Shipping men advise me that it requires not more than 25 days for a round trip, including loading and unloading, for a vessel from the Caribbean area to the United States, and not more than 30 days to Hawaii. This simply means that the assignment of 2 ships or less than 0.01 percent of the ships available can furnish all of the sugar needed to retain rationing of sugar at the 80-percent level to industrial users.

If the Administration is not playing politics with food, there can be only one other reason assigned for the insistence of those in administrative authority to reduce sugar consumption in this country to the low level of 4,800,000 tons. That reason is the forwarding of the efforts already made by some food faddists in our Government to discourage the consumption of sugar. They would have the American people go without candies, confections, ice cream, and soft drinks, all of which are items recognized by all psychologists as essential to both civilian and soldier morale. Sugar is one of the cheapest and quickest sources of energy available to the human race. The United States Public Health Service has strongly recommended that this type of refreshment be made available to factory employees to relieve fatigue, reduce accidents, and increase production. The public welfare demands that as a supplementary food the largest amounts be made available. Bureaucratic whim on the part of those temporarily invested with authority has no rightful place in the American Government.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include a brief table of statistics which sets forth the availability of sugar to the United States for 1943 and 1944. The figures given for 1943 are largely factual, based upon known production and consumption. The figures for 1944 are the best estimates obtainable by those in the most authoritative position to

know. I submit them for the consideration of Members of Congress.

The SPEAKER pro tempore [Mr. RAMSPECK]. Without objection, it is so ordered.

There was no objection.

Note: All figures used in this discussion are based on raw value in short tons.

| | Short tons, raw value | |
|---|-----------------------|------------|
| | 1943 | 1944 |
| Stocks in continental United States and offshore producing centers on Jan. 1, 1943: | | |
| United States refiners, beet processors, domestic cane, importers..... | 2,136,000 | 1,746,000 |
| Cuba (export raws and refined)..... | 1,650,000 | 675,000 |
| Puerto Rico (export raws and refined)..... | 145,500 | 233,000 |
| Santo Domingo (export raws and refined)..... | 312,000 | 330,000 |
| Hawaii (export raws and refined)..... | 25,500 | 10,000 |
| Haiti (export raws and refined)..... | 15,000 | 32,000 |
| Total initial stocks..... | 4,284,000 | 3,026,000 |
| Add new crop production: | | |
| Cuba (net export, excluding local consumption)..... | 3,000,000 | 4,000,000 |
| Puerto Rico (net export, excluding local consumption)..... | 942,000 | 760,000 |
| Santo Domingo (net export, excluding local consumption)..... | 440,000 | 500,000 |
| Hawaii (net export, excluding local consumption)..... | 800,000 | 820,000 |
| Haiti (net export, excluding local consumption)..... | 38,000 | 55,000 |
| Domestic beets..... | 1,071,500 | 1,250,000 |
| Domestic cane..... | 460,000 | 525,000 |
| Miscellaneous full-duty imports..... | 114,100 | 100,000 |
| Total available..... | 11,149,600 | 10,976,000 |
| Indicated or estimated | | |
| Distribution and shipments: | | |
| Armed forces, lend-lease, other exports ex the United States..... | 1,400,000 | 1,254,000 |
| United States civilian use..... | 5,400,000 | 12,700,000 |
| Shipment of all kinds to "other countries" direct from producing centers..... | 1,314,000 | 1,300,000 |
| Total distribution and foreign shipments..... | 8,123,600 | 7,829,000 |
| Balance: Stocks on hand in United States and producing centers..... | 3,026,000 | 3,147,000 |

¹ Home use.

² Industrial use.

³ Alcohol reserve.

⁴ These stocks might be divided as follows, based upon normal expectancy of movement:

| | |
|-----------------------------------|-----------|
| In continental United States..... | 1,607,000 |
| Cuba..... | 965,000 |
| Santo Domingo..... | 350,000 |
| Puerto Rico..... | 200,000 |
| Hawaii..... | 25,000 |

Indicated stocks, Dec. 31, 1944..... 3,147,000

Mr. STEFAN. Mr. Speaker, will the gentleman yield?

Mr. JONKMAN. I yield.

Mr. STEFAN. I thank the gentleman for allowing me to make a brief observation. I wish first to compliment him on the very illuminating report on the question of sugar. I, too, have made some investigation because I feel the cut in the quota of commercial sugar from the 1942 basis of 80 percent to 70 percent was too

deep. It is creating a hardship in my part of the country, where traveling salesmen have no goods to sell to the merchants who are called upon by the consumers for badly needed foodstuffs.

The matter of sugar is very important to us in Nebraska. Its uses are badly needed now. The gentleman's report is timely. I was told in my investigation that we normally use around 6,000,000 tons of sugar a year. Our peak was near 8,000,000. I have the impression from my inquiry that we are now short about 2,000,000 tons of sugar which we need. The gentleman indicates that amount could be made available to us. My information is that much of the Cuban sugar now goes into industrial alcohol. The matter of lack of bottoms came into my investigation when I looked into the egg problem.

The House may like to know that the country is now flooded with eggs. Never before have we had so many eggs on hand. Agriculture tells me one reason is that farmers raised too many hens. Agriculture tells me that they asked farmers to increase egg production about 2½ percent and that the increase was 16 percent. They tell me they cannot find cold-storage space to store the eggs. They also tell me that produce which should have stayed in cold storage has been taken out to make room for eggs. We are glutted with eggs. The farmers were told that they would be guaranteed 90 percent or 100 percent parity for their eggs. But purchase of eggs stopped temporarily in the Middle West and I am told now that eggs are selling in my State as low as 20 cents a dozen. We pay up to 50 cents here in Washington. However, Agriculture tells me that they will again start buying eggs at 100 percent parity in the Midwest. This may relieve the situation slightly—but not sufficiently. Farmers and farm wives cannot raise eggs and sell them for 20 cents with the present high price of feeds. And the feed situation is serious. The lack of cold-storage space and the lack of bottoms will continue to keep this egg problem in chaos. I am told that lend-lease ships are not coming in to load these eggs and some other farm products. The reason for that may be a military secret but I add this information for what it is worth in order to indicate that there may be some shipping problem now both as regards to sugar and also eggs. I do feel, however, in view of what the gentleman has said, that we must work out this food distribution problem in order that there may be no hardship to either the producer or consumer.

Mr. JONKMAN. Mr. Speaker, I yield back the balance of my time.

STATUS OF RETIRED JUDGES

Mr. SABATH, from the Committee on Rules, submitted the following report on the bill S. 156 relating to the status of retired judges (H. Res. 487, Rept. No. 1304) which was referred to the House Calendar and ordered printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself

into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 156) relating to the status of retired judges. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

NATIONAL SURVEY OF FOREST RESOURCES

Mr. SABATH. Mr. Speaker, by direction of the Committee on Rules and in behalf of my colleague, the gentleman from Kentucky [Mr. BATES], I submit the following report on the bill H. R. 3848 to amend section 9 of the act of May 22, 1928, authorizing and directing a national survey of forest resources (Rept. No. 1305).

The SPEAKER pro tempore (Mr. RAMSPECK). The resolution is referred to the House Calendar and ordered printed.

The resolution (H. Res. 488) follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 3848) to amend section 9 of the act of May 22, 1928, authorizing and directing a national survey of forest resources. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

FOREST PERPETUATION

Mr. SABATH. Mr. Speaker, by direction of the Committee on Rules and on behalf of my colleague the gentleman from Kentucky [Mr. BATES] I submit the following report on the bill (S. 45) to amend section 3 of the act of June 7, 1924 (43 Stat. 653; U. S. C. 566) (H. Res. 489, Rept. No. 1306).

The SPEAKER pro tempore. The resolution is referred to the House Calendar and ordered printed.

The resolution follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 45) to amend section 3 of the act of June 7, 1924 (43 Stat. 653; 16 U. S. C. 566). That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amend-

ment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 4346. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McKELLAR, Mr. GLASS, Mr. HAYDEN, Mr. TYDINGS, Mr. RUSSELL, Mr. HOLMAN, and Mr. BROOKS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 260. Joint resolution providing for the employment of Government employees for folding speeches and pamphlets, House of Representatives.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 3261) entitled "An act to amend the act of April 29, 1943, to authorize the return to private ownership of Great Lakes vessels and vessels of 1,000 gross tons or less, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RADCLIFFE, Mr. WALSH of New Jersey, and Mr. VANDENBERG to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 555. An act for the relief of Almos W. Glasgow.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1243) entitled "An act authorizing the construction and operation of demonstration plants to produce synthetic liquid fuels from coal, oil shale, and other substances, in order to aid the prosecution of the war, to conserve and increase the oil resources of the Nation, and for other purposes."

The message also announced that the Vice President has appointed Mr. BARKLEY and Mr. BREWSTER members of the Joint Select Committee on the part of the Senate, as provided for in the act of

August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following departments and agencies:

1. Department of Commerce.
2. Department of the Navy.
3. Department of the Treasury.
4. Department of War.
5. Federal Security Agency.
6. Office for Emergency Management.

The SPEAKER pro tempore. Under the previous order of the House the gentleman from Wisconsin [Mr. KEEFE] is recognized for 10 minutes.

WISCONSIN POLITICS

Mr. KEEFE. Mr. Speaker, a wise man once said "Politics make strange bed-fellows." The continued truth of that statement is very apparent as a result of the political associations arising in the campaign now being waged to secure delegates to the Republican National Convention. In the current battle for delegates in the State of Wisconsin, we find certain violently pro-New Deal and pro-fourth-term newspapers urging editorially and otherwise the nomination of Mr. Wendell Willkie on the Republican ticket. We find the newspaper PM urging his nomination on the Republican ticket. These New Deal editors attack all Republicans who are mentioned as possible nominees of the Republican Party Convention except Mr. Willkie. They want him nominated as the Republican nominee. Make no mistake, however, they do not intend to support him if he is nominated. They have already pledged their support to Mr. Roosevelt.

Many people are wondering what prompts these violent new dealers to take such a pretended interest in the nomination of a Republican candidate for the Presidency. Perhaps some indication of the connection may be found in the statement of the Democratic national chairman contained in a speech made recently at Boston and which was reported in the Washington Star of Sunday, March 26. I quote from the newspaper account of this speech:

In obvious reference to Gov. Thomas E. Dewey, of New York, Mr. Hannegan told a Jackson Day banquet there have been predictions the G. O. P. will nominate a man who is not even a candidate in the party primaries, one who is "smirking and lurking and dodging behind the pretense that he is not a candidate for the Presidency and hence has no obligation to discuss the fundamental problems which lie before the American people. If Republican leaders plan to put over such a candidate, then we propose to turn on the searchlight of truth so that all may know their plans. And so tonight I challenge the Republican Party to take the public into its confidence."

In a number of speeches recently delivered in Wisconsin, Mr. Willkie has given voice to substantially the same sentiment. Without specific reference to names, he has attacked Gov. Thomas E. Dewey because of the latter's failure to announce his candidacy and his failure to barnstorm the country in a campaign for delegates. It is indeed strange that the chairman of the Democratic Na-

tional Committee, New Deal editors, and Mr. Willkie should be giving expression to substantially the same sentiment. It should be understood that under Wisconsin law a citizen may vote in any one party primary. Thus, an appeal is being made to those committed to the policies of the New Deal to vote in the Republican primary in an effort to assist in the nomination by the Republican Party of a candidate whom these new dealers have no thought of voting for at the November election. The very clear and manifest attempt now being made to divide and destroy both the Democratic and Republican Parties is deserving of serious thought by the American people. Our Nation is based upon the conception that we must have two strong political parties. Criticism has been leveled at the "Democratic New Deal Party" because of its one-man character. It is very apparent that efforts are being made in some quarters to develop a Republican Party along similar lines. The accomplishment of this objective would no doubt be pleasing to the new dealers who are promoting a fourth term for the present occupant of the White House. We assert, however, that the successful culmination of such an effort would leave those who believe in true republican doctrine and those who believe in Jeffersonian democracy politically stranded.

I would like to ask Mr. Hannegan, who pretends to speak for the Democratic Party, who his candidates for the Presidency are. Despite the fact that those who worship at the shrine of Mr. Roosevelt have long ago proclaimed their support of his candidacy for a fourth term, no word has come from the White House either that the President is or is not a candidate. Intimations are permitted to leak out to the press occasionally of sufficient moment to keep public interest aroused and stimulated. No definite statement, however has been made by the President as to his plans. As an illustration, I refer to a statement quoted in the Washington Star of March 26 made by Mr. Aubrey Williams, former head of the National Youth Administration. I quote:

Mr. Williams, former head of the National Youth Administration, said he left the White House only a few nights ago, after dining with the President, with the distinct impression that he would not run again, although he did not say so directly.

Why not sweep in front of your own doorstep, Mr. Hannegan? Why are you so afraid that the people of America will demand the nomination by the Republican Party of Thomas E. Dewey of New York as their candidate for the Presidency. Why are you taking up the cudgels against Mr. Dewey at this time in support of the candidacy of Mr. Willkie on the Republican ticket? Why do you not stay in your own party and tell the people of America who the Democratic candidate is going to be? Why do you not insist that your candidate get out and discuss current problems with the people of America, if you believe that is the only proper thing to do? I assume your answer would be that it is all settled that Franklin D. Roosevelt is to be your can-

didate and that he is too busy with the duties of his office to be discussing political questions. We may assume by the same token that Governor Dewey has been too busy carrying out the campaign pledges which he made to the people of the State of New York and giving to that State an efficient administration to be devoting his time gadding about the country in search of delegates committed to his nomination at the Republican National Convention.

Mr. McMURRAY. Will the gentleman yield?

Mr. KEEFE. The gentleman has interrupted me several times. Does he think he has anything that will contribute to this discussion?

Mr. McMURRAY. The gentleman from Wisconsin has.

Mr. KEEFE. Then I will be glad to yield to the gentleman.

Mr. McMURRAY. The gentleman from Wisconsin would like to know if the Governor of New York is going to keep those campaign pledges which he made to the people of New York when he said he was a candidate running for Governor of New York.

Mr. KEEFE. The gentleman has asked a question.

Mr. McMURRAY. When he said that he would serve as Governor for 4 years.

Mr. KEEFE. I do not yield for any speech from the gentleman. He has asked a question.

Mr. McMURRAY. Yes.

Mr. KEEFE. All that I can say to the distinguished gentleman from Wisconsin is that the best information I have on the subject, reported, editorial, and otherwise, from papers of all political complexions and from people of all political complexions, tells me that the Governor of New York, Thomas E. Dewey, has stayed on the job and has supervised the fulfillment of his campaign pledges to the people of New York through the enactment of legislation by a legislature that just concluded its work a week ago last Saturday. That is an answer to the gentleman. If he has any other ideas on the subject he may discuss them in his own time.

The people of this country, Mr. Hannegan, are intelligent. They know what is going on. They know the issues. They know what Wendell Willkie believes in and stands for. He has told them. They know who Tom Dewey is and what he stands for. They know who John Bricker is and what he stands for. They know who Commander Stassen is and what he stands for. The people are the ones who will determine who the Republican nominee will be. You know, Mr. Hannegan, that the people will have little or no voice in determining who the Democratic candidate will be. The present occupant of the White House will determine that question for them, and from all indications the question is apparently already decided.

I have no criticism of the right of any man to seek the Republican nomination for the Presidency. Discussion of public issues may be worth while. I do object, however, to new dealers attempting to dictate who the Republican candidate

for the Presidency will be. That is a right reserved to the people of this country who see in the Republican Party the future hopes of our Nation. The people of this country must have an opportunity, once and for all, in this coming election, to pass judgment upon the New Deal which has been in power nearly 12 years. This can only be done by submitting to the people a candidate for the Presidency who believes in the principles and policies of the Republican Party as announced in the party platform. I intend to support the nominee of the Republican Convention, with full knowledge now that the people of this country represented by that great convention will nominate one who is worthy of such support. I believe that the people should have a clear voice in the determination. The mere fact that a man is not an avowed candidate does not bar the people of this country in convention assembled from naming their choice. If the people of this country want Thomas E. Dewey as the Republican candidate, they have the undoubted right to have their wishes respected, and no man is big enough to reject such nomination. I have no doubt, regardless of anything that has been said on the subject, that if Mr. Dewey is nominated, he will accept the nomination and conduct a forthright, vigorous campaign. On the other hand, if the people of this country want Mr. Willkie or Governor Bricker or Governor Warren or ex-Governor Stassen or General MacArthur as their Republican candidate for the Presidency, they have the right to have their wishes respected. I have no way of knowing what the people of the great State of Wisconsin may determine in the delegate election which will take place on April 4. Everyone concedes, however, that the results of this election may determine the course of the Republican Convention. The issues involved are transcendent in character. I have full confidence that the voters of Wisconsin will go to the polls on April 4 and vote for delegates pledged to vote for the nomination of the one they believe most truly represents their ideals and hopes.

I may say in passing that if there are those people in Wisconsin who believe that Franklin D. Roosevelt most clearly represents their ideals and hopes, they should go into the Democratic primary and vote for the delegates who are pledged to his nomination. They should not be urged by any person to go into a Republican primary and vote for delegates pledged to a candidate whom they do not intend to support at the November election. Such a course of conduct, in my humble opinion, is political treachery of the worst kind. I have supreme confidence that the voters of Wisconsin understand the problems that confront the country and despite any smears that may be heaped upon Thomas E. Dewey or any other Republican candidate by Mr. Hannegan and his coterie of New Deal editors, the voters of Wisconsin will go to the polls and repudiate any attempt to have the Republican nomination dictated by new dealers.

Mr. McCORMACK. Will the gentleman yield?

Mr. KEEFE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I do not want the gentleman to yield to interrupt his speech, because I think it is a good thing to have Members on both sides speak for the cause in which they believe. It is healthy. I was interested in Wisconsin. In Massachusetts if one goes in and votes in the primary and asks for a Republican ballot or a Democratic ballot, he cannot in the following year vote in the other party. In other words, they continue as a registered Republican or Democrat until they go in and change over. I was wondering if that law existed in Wisconsin.

Mr. KEEFE. It does not. I may say to the distinguished gentleman from Massachusetts, I just got through stating that the situation in Wisconsin is quite different than it is in some other State. A citizen of Wisconsin can go into any party primary he desires. He can only vote in one party primary, but a Democrat may vote in the Republican primary. A Progressive may vote in the Democratic primary, and vice versa, and thus you have a situation develop which has developed in the past that candidates are nominated by the votes of people who, when they cast their votes, have no intention of voting for the person at the November election.

Mr. McCORMACK. In other words, it can work both ways.

Mr. KEEFE. It can work both ways.

Mr. McCORMACK. My observation was not to criticize, because the primary laws of each State usually have a historical development. In Massachusetts that could not exist, and the whole theory of the Massachusetts law is to protect the integrity of each political party from what you might term invasion.

I registered some years ago. As long as my name is on the list I am carried as a Democrat, and in the next primary I can only get a Democratic ballot. Anyone who has registered as a Republican 5, 10, or 15 years ago, unless they go in and change over, or unless they have their names taken off the list, and they have to be reregistered, would have to accept the ballot of the party that they originally declared for when they voted for the party.

Mr. KEEFE. May I thank the distinguished majority leader for his comment. I think I have a right to assume, in face of the comment which the distinguished gentleman has just made, that he is in complete accord with the statement which I have tried to fairly make, that it would be politically wrong for a person who is an advocate of the nomination of delegates pledged to Franklin D. Roosevelt in reality to step over into a Republican primary and vote for delegates pledged to a Republican candidate.

Mr. McCORMACK. The gentleman, of course, went further than I intended to go and dragged me into the Wisconsin situation. I am telling you what the Massachusetts law is, and what I conceive the situation to be.

Mr. KEEFE. The gentleman would not approve, would he, of a person who was a well-known new dealer, who was advocating ultimately the election of Frank-

lin D. Roosevelt, going into a primary election and doing as I have stated?

Mr. McCORMACK. The gentleman was a new dealer in 1933, when he first came here.

Mr. KEEFE. Yes.

Mr. McCORMACK. "New Deal" is simply a characterization to distinguish between the vigorous leadership of Franklin D. Roosevelt and the old deal do-nothing negative leadership of former President Hoover.

Mr. KEEFE. I do not yield further. This is my time. May I just answer the gentleman right now?

Mr. McCORMACK. I have not answered the gentleman's other question.

Mr. KEEFE. Oh, yes, the gentleman has answered it, and I do not yield to him for anything further.

I want to answer the gentleman by asking this question: What sort of a deal does your party stand for now? If I understood the President correctly, he said that the New Deal was out the window; that they were not going to use it any more; that it was something that was dead. Mr. Willkie stated in Wisconsin two or three times that the New Deal had become cynical and old and was sick and was dying.

Mr. McCORMACK. Mr. Willkie said that same thing about some Republicans in the House quite recently. He paid you some very nice compliments.

Mr. KEEFE. What sort of a party is the gentleman advocating now, the New Deal of 1932 or the new sort of a new deal, the new New Deal that the President is suggesting for 1944?

Mr. McCORMACK. Does the gentleman want an answer?

Mr. KEEFE. In view of the fact that the gentleman has injected himself into the discussion, I have asked him a question.

Mr. McCORMACK. I have not injected myself in a hostile sense. The gentleman from Wisconsin has produced this hostility.

Mr. KEEFE. I do not think there is any hostility. I thought the gentleman arose to compliment me on my fine presentation of a subject that the gentleman believes in as well as anybody else.

Mr. McCORMACK. By "hostility" I mean pleasant hostility. I had just inquired of the gentleman what the law of his State was, to show that that could not happen in Massachusetts.

Mr. KEEFE. It could not happen in Massachusetts, because I assume the distinguished gentleman was a member of the legislature in Massachusetts and saw to it that there was put on the statute books legislation to remedy the situation which he admits is wrong in Wisconsin under our law. I assume that as a matter of course.

Mr. McCORMACK. I will not put myself in the position of criticizing the Legislature of the State of Wisconsin, which my good friend from Wisconsin himself just did. I assume the legislature in its wisdom passed the law which permits that, and it was a historical development, so the gentleman from Massachusetts is not going to be placed by the gentleman from Wisconsin in a position

of attacking the Legislature of Wisconsin, which he has not, and which the gentleman from Wisconsin has.

Mr. KEEFE. The gentleman from Massachusetts is very adroit and very suave and very adept or he would not be the majority leader. I sometimes marvel at his ability to twist and turn and torture his own mental processes in order to try to establish a point. I often wonder when he is in the midst of his tortured twisting of his mental processes, which sometimes flow out of his mouth, why it is, so frequently when we pick up the RECORD the next day those things do not appear in the printed RECORD. The gentleman has a great facility for saying things here on the floor which would not look too well in print, when it appears in the cold print of argument in the CONGRESSIONAL RECORD the next day.

Mr. McCORMACK. I challenge the gentleman to give any illustration of when I said anything on the floor that did not appear the next day, unless it was with the consent of the person to whom I might have made reference. The gentleman from Wisconsin is himself aware of that situation just as well as I am. If there is one thing I want, it is to be honorable. Any time I did not put anything in the RECORD, it was with the complete knowledge of the gentleman with whom I had had an exchange of remarks in an extemporaneous debate on the floor of the House.

Mr. KEEFE. Does the gentleman think this is extemporaneous debate?

Mr. McCORMACK. What else is it? The gentleman has a prepared statement.

Mr. KEEFE. Oh, no; I do not have a statement in this debate. This is purely extemporaneous.

Mr. McCORMACK. This colloquy is purely extemporaneous.

Mr. KEEFE. Yes. Does the gentleman want this to stay in the RECORD?

Mr. McCORMACK. If the gentleman wants it to, there is no objection.

Mr. KEEFE. That is exactly the point.

Mr. McCORMACK. But when the gentleman makes the statement that I have made statements on the floor that have not appeared in the RECORD, the gentleman makes a statement that, standing by itself, is without foundation.

Mr. KEEFE. I think everybody understands and knows that the gentleman frequently makes statements on the floor of the House and then suggests to the party with whom he had the colloquy that he would like to remove those statements, and in a spirit of generosity to the gentleman, people usually accede to his request so that his remarks do not appear in the RECORD. That is understood, and I have had that experience with the gentleman myself. But anything that I personally state on this floor in a prepared debate or extemporaneous colloquy with the distinguished gentleman from Massachusetts is said with the express purpose that what I say shall go into the RECORD, and I have no apologies for anything. In the many debates which I have had with the distinguished gentleman from Massachusetts, he cannot recall a single instance when I ever

asked him for permission or privilege to remove anything from the RECORD. I think it is a bad practice, as far as I am concerned.

Mr. McCORMACK. When the gentleman makes that statement he convicts himself all the more on his original statement. I have never taken anything out of the RECORD but what could have gone into the RECORD, and the only reason I took it out was because in extemporaneous debate some remarks were made that, with the agreement of some other Member of the House, were not put in the RECORD. The gentleman from Wisconsin knows that.

Mr. KEEFE. I think the gentleman has made himself perfectly clear. It resolves itself down to this: In the heat of debate sometimes the gentleman from Massachusetts says some things that perhaps would not look well in the RECORD, and with the consent of the party on the other side he has asked permission to take them out, and usually by agreement such remarks do not appear in the RECORD.

Mr. McCORMACK. That statement is not correct.

Mr. KEEFE. Let it stand. The RECORD will speak for itself, because the RECORD will be printed tomorrow exactly as it appeared here with my consent.

Mr. McCORMACK. When we talked about the black market, the gentleman did not like my rejoinder when he butted in where he did not belong.

Mr. KEEFE. Well, history is history. The record will speak for itself. I feel very meek and humble here in the well of the House when I have thrust upon me the great mental processes of the distinguished gentleman from Massachusetts. I admit it is pretty difficult to keep up with him. I have many times not been able to follow him, and I suppose there will be similar situations arising again. But I am just wondering what prompted the gentleman to engage in this outburst. Does he not agree with me that it would be unwise for people who are well-known followers of the New Deal to step into a Republican primary in Wisconsin or anywhere else in an effort to nominate a Republican candidate for office? Regardless of the law, as a matter of sound common decent principles of politics, does not the gentleman agree with me that such a course of action ought not to be indulged in and that people ought to vote in their own party primaries?

Mr. McCORMACK. Is the gentleman asking me a question?

Mr. KEEFE. Yes.

Mr. McCORMACK. I started out originally to answer that by calling attention to the fact that Massachusetts protects the political parties. I was trying to make a pleasant contribution. Then the gentleman asked me some very pointed questions. I assume that Wisconsin has a justification for its present law, but I frankly say that I think that as a general practice it would not be right for either party to enter the primary of the other party.

Mr. KEEFE. That is right.

Mr. McCORMACK. However, I can see that on rare occasions a situation might

arise where there would be some justification, not to nominate a man for political purposes, but where some public question arose where a Democrat, for example, or a Republican, might advocate something that the people generally did not like, and of necessity those who opposed him might enter into the other primary for the purpose of nominating one who did not stand in support of some particular public question. But as a general rule, one way or the other, I agree with the gentleman.

Mr. KEEFE. I thank the gentleman very, very much for that fine commendation of what I had said in my main address.

EXTENSION OF REMARKS

(Mr. REECE of Tennessee asked and was given permission to extend his own remarks in the RECORD.)

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD a bill I introduced today that would provide prosthetic appliances to disabled veterans of World War No. 2, and provide for their training in the use of such appliances. I hope it will go in the so-called G. I. bill as an amendment, but I want it to pass as a separate bill if it does not.

The SPEAKER pro tempore (Mr. McCORMACK in the chair). Is there objection to the gentleman from Massachusetts?

There was no objection.

The bill referred to is as follows:

A bill to insure the furnishing of necessary artificial limbs and other appliances to disabled World War No. 2 veterans, to provide for appropriate instruction and training in the use thereof, and for other purposes

Be it enacted, etc., That no person requiring a dental appliance, wheel chair, artificial limb, or similar appliance for disability incurred in line of duty shall be discharged or released from active duty in the armed forces until such person is fitted with a satisfactory appliance or other prosthesis, and has received adequate instruction and training in the use thereof, including institutional training where necessary: *Provided,* That this paragraph shall not preclude immediate transfer to a Veterans' Administration facility for hospital care, or treatment on an outpatient basis, and in such event the Administrator of Veterans' Affairs is authorized and directed to carry out the purposes of this paragraph.

MINORITY VIEWS ON H. R. 3693

Mr. DEWEY. Mr. Speaker, the gentleman from New Jersey [Mr. McLEAN] and I concur in the reasons expressed in the minority report in opposition to the enactment of legislation known as H. R. 3693, and I ask unanimous consent that we may be permitted to file separate views on this legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. WOODRUFF] be permitted to extend his own remarks and include therein an article from a newspaper.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein two addresses I have made, one on the subject of Franco, Otto, and Carol, and the other on the subject of some pertinent questions on Palestine.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

FIRST DEFICIENCY APPROPRIATION BILL, 1944

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4346) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes, with amendments of the Senate thereto, disagree to the amendments of the Senate, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER pro tempore appointed the following conferees: Messrs. CANNON of Missouri, WOODRUM of Virginia, LUDLOW, SNYDER, O'NEAL, RABAUT, JOHNSON of Oklahoma, TABER, WIGGLESWORTH, LAMBERTSON, and POWERS.

The SPEAKER pro tempore. Under a previous order of the H-use, the gentleman from New Mexico [Mr. ANDERSON] is recognized for 30 minutes.

HOME OWNERS' LOAN CORPORATION

Mr. ANDERSON of New Mexico. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein certain editorials and letters.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. ANDERSON of New Mexico. Mr. Speaker, for many, many months I have been deeply concerned with the affairs of the Home Owners' Loan Corporation. There have been, and there undoubtedly will continue to be, constant efforts made to liquidate the Home Owners' Loan Corporation in a period of time much shorter than that originally contemplated by the Congress of the United States in the enabling legislation. That move, I may say, is not entirely spontaneous but seems actuated and motivated by certain interests which would like to obtain a portfolio of securities now belonging to the Home Owners' Loan Corporation.

In order to make very clear the direction which this campaign is taking, I desire to exhibit to the Members of the House a publication of the United States Savings and Loan League dated February 15, 1944, numbered M-145. This is an official publication sent to all members of the United States Savings and Loan

League, dealing with the legislative program of that league.

In one of the paragraphs we find the statement that Senator BYRD had introduced a measure referred to in the Joint Committee on Reduction of Nonessential Federal Expenditures' report on the Home Owners' Loan Corporation, rendered May 20 of last year. Then appears this statement, which I desire to read to you:

The men who signed this report and the work they have done, as the Byrd committee, on many problems of economy in Government have earned the respect and confidence of businessmen, Government departments, and the thinking public. Besides Senator Byrd, junior Senator from Virginia, who is chairman, they are: Representative Robert L. Doughton, North Carolina, who is vice chairman of the committee; Senators Walter F. George, Georgia; Robert M. La Follette, Wisconsin; Carter Glass, Virginia; Kenneth McKellar, Tennessee; and Gerald P. Nye, North Dakota; Representatives Thomas H. Cullen, New York; Allen T. Treadway, Massachusetts; Clarence Cannon, Missouri; Clifton A. Woodrum, Virginia; John Taber, New York; Secretary of the Treasury Henry Morgenthau, Jr.; and Director of the Bureau of the Budget Harold D. Smith.

Now, it is interesting to have this document stating that the men whose names are printed there had signed that report and approved the recommendation of the Byrd committee for the immediate and very prompt liquidation of the Home Owners' Loan Corporation. In fact, it was so interesting that I took it upon myself to write to the Honorable HARRY F. BYRD, chairman of that committee, a letter which I will here put into the RECORD in full:

MARCH 24, 1944.

HON. HARRY F. BYRD,
Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: Your committee released last May a report on the H. O. L. C.

The members of the United States Savings and Loan League have recently received from the headquarters of that association in Chicago a release dated February 15, 1944, M-145, which deals with six subjects, the second one being the liquidation of the H. O. L. C. That release comments on the fact that on February 4 you introduced S. 1696, a bill to facilitate the liquidation of the H. O. L. C. Your bill is reproduced in full as an appendix to the publication of the United States Savings and Loan League.

This release quotes from your committee's report on the H. O. L. C. and quotes this conclusion:

"Therefore, a bill is proposed to be introduced which will facilitate the liquidation of the Home Owners' Loan Corporation through the transfer and cash sale of its assets to individuals and to local banks, mutual savings banks, savings and loan associations, cooperative banks, trust companies, insurance companies, and other mortgage institutions."

That quotation is followed by this very interesting paragraph:

"The men who signed this report and the work they have done, as the Byrd committee, on many problems of economy in Government have earned the respect and confidence of businessmen, Government departments, and the thinking public. Besides Senator Byrd, junior Senator from Virginia, who is chairman, they are: Representative Robert L. Doughton, North Carolina, who is vice

chairman of the committee; Senators Walter F. George, Georgia; Robert M. La Follette, Wisconsin; Carter Glass, Virginia; Kenneth McKellar, Tennessee, and Gerald P. Nye, North Dakota; Representatives Thomas H. Cullen, New York; Allen T. Treadway, Massachusetts; Clarence Cannon, Missouri; Clifton A. Woodrum, Virginia; John Taber, New York; Secretary of the Treasury Henry Morgenthau, Jr., and Director of the Bureau of the Budget Harold D. Smith."

Knowing that some of the people whose names were signed to the report did not share these views with reference to H. O. L. C., I have taken the trouble to check a little bit on it. I find that your colleague, Senator LA FOLLETTE, did not see the report and did not sign it. I do not believe that Representative DOUGHTON saw your report, signed it, or subscribes to its comments. Representative Cullen is now dead and Representative TREADWAY is not available. I do not wish to embarrass your colleague from Virginia [Mr. WOODRUM] by asking him but I think if you checked with Representative CANNON of Missouri you will find that he neither saw nor signed your report. You will also find that the Secretary of the Treasury Henry Morgenthau, Jr., and the Director of the Bureau of the Budget, Mr. Smith did not sign the report and do not now subscribe to it.

Under these circumstances I think it unfortunate that Morton Bodfish, executive vice president of the United States Savings and Loan League, should sign such a message as he has sent to the members of that league. I think it is too bad that he should so flagrantly misrepresent the attitude of the Secretary of the Treasury or the Director of the Bureau of the Budget and the Members of the Senate and the House as to claim that they signed the report of your committee on the liquidation of H. O. L. C.

Mr. Bodfish has become an employee of the Government though he continues to be the \$25,000-a-year paid lobbyist of the United States Savings and Loan League. He is a deputy chief of the M. O. branch of the Office of Strategic Services and operates as such on a salary basis. I feel that he should be called to account for this misrepresentation and I would therefore appreciate having from you, if you care to supply it, a statement as to whether any members of the committee, other than yourself as chairman, signed the report on H. O. L. C. I should like to ask whether the report was submitted in advance of its release to the Secretary of the Treasury, to the Director of the Bureau of the Budget, to Senators NYE, GEORGE, and LA FOLLETTE, and to the Members of the House of Representatives, particularly to the chairman of the Appropriations Committee, Mr. CANNON of Missouri.

Sincerely yours,

CLINTON P. ANDERSON.

That letter has gone to the distinguished Senator, and I hope we may have a reply on it in due course.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of New Mexico. Yes. Mr. CHURCH. Did not the Senator speak to the gentleman just yesterday?

Mr. ANDERSON of New Mexico. Yes.

Mr. CHURCH. And did not the Senator then say in effect that all those attending the meeting a majority attending, approved of this report? The Senator has just told me that within the last few minutes, I have checked with the gentleman from North Carolina [Mr. DOUGHTON], who states definitely that, so far as he is concerned, the report was unanimous. I have checked with the gentleman from New York [Mr. TABER]; he approved the report. I have checked as

nearly as I can and find that not a single person attending the meeting that approved this report indicated any opposition; but several days later, after the report came out, the only person objecting to it and indicating his objection was the Secretary of the Treasury Mr. Morgenthau. I am authorized to say this in fairness to the Senator from Virginia [Mr. BYRD], chairman of the committee. The members approving this report were Senator BYRD, chairman; Representative DOUGHTON, vice chairman; Senator GEORGE; Senator GLASS, who authorized Senator BYRD to cast his vote for the report; Senator McKELLAR; Senator NYE; Representative TABER, who is here; Representative Cullen, who was then well and able and who attended the meeting and did not object; Representative TREADWAY approved the report. I have checked these facts within the last half hour. Nine of the committee at least approved the report and none at the meeting disapproved.

Mr. ANDERSON of New Mexico. Well, I can assure you I talked to the distinguished Senator.

Mr. CHURCH. Mr. Bodfish, perhaps, made a mistake when he thought this report had been signed. The gentleman knows, I believe, that no signatures were added to this report. But no minority report was filed. There was no indication of record of any objection at any time, I believe, until the gentleman took the floor today. There were two hearings. At the last hearing this report was approved. All present voted for it. That was unanimous. There was no objection except by Mr. Morgenthau later on.

Mr. ANDERSON of New Mexico. Let me say just briefly that I checked it with the distinguished Senator and he did not say to me that a majority of the committee was present. He did say that people had authorized him to act in their absence. But he was not willing to state that any member of the committee other than the gentleman from New York [Mr. TABER], and the gentleman from Massachusetts [Mr. TREADWAY], and himself had been present and approved it at that time. He was not able to recollect who else was there, and he said to me some other things which I think will become apparent as we go along in this discussion.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of New Mexico. I yield to the gentleman from New York.

Mr. TABER. Mr. Speaker, I just want to say this, that it is invariably the practice of Senator BYRD in advance of a meeting where a report is expected to be presented for consideration, to send out the proposed report and notify us when it will be brought up for consideration. It was done, so far as I am concerned, with this particular report. I attended the meeting and it was presented. Now, I cannot tell who was there. I cannot tell whether the same kind of letter with a copy of the proposed report was sent to the other members of the committee, but I presume that is true, probably 4 or 5 days ahead. And there were present, either in person or by proxy, or through

authorization to Senator BYRD to speak for them, according to my understanding, a majority of the committee. I will not say that the gentleman from Missouri [Mr. CANNON], or the gentleman from Virginia [Mr. WOODRUM], were there.

Mr. ANDERSON of New Mexico. Did the gentleman say the gentleman from North Carolina [Mr. DOUGHTON] was there?

Mr. TABER. I would not say. I could not remember. I would not know. I think Senator GEORGE was, and I think Senator McKELLAR was, but I am not sure of that.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of New Mexico. I yield.

Mr. CHURCH. The gentleman from North Carolina [Mr. DOUGHTON] just a few minutes ago, when I explained to him here on the floor that you were going to criticize some letter that Senator BYRD sent out, said "So far as I am concerned this report is unanimous."

Mr. ANDERSON of New Mexico. That is interesting.

Mr. CHURCH. Of course, the gentleman understood—

Mr. ANDERSON of New Mexico. I asked the question, "Would you state who was there?" He assured me that he was not, but he assured you that he was?

Mr. CHURCH. I do not know whether he was there.

Mr. ANDERSON of New Mexico. That is all very interesting.

Mr. CHURCH. It was very clear he received the report and so far as he was concerned, his vote was for it and the report was unanimous.

Mr. ANDERSON of New Mexico. Let me show you how unanimous it was.

Here is a letter from the Secretary of the Treasury, addressed to Senator BYRD, dated May 29, 1943, which I will read in full into this report:

MAY 29, 1943.

HON. HARRY F. BYRD,
Chairman, Joint Committee on Reduction
of Nonessential Federal Expenditures,
Congress of the United States, Wash-
ington, D. C.

MY DEAR MR. CHAIRMAN: On May 22, 1943, I received your letter of May 20, 1943, postmarked at 8:30 p. m., May 21, 1943, enclosing two reports of the Joint Committee on Reduction of Nonessential Federal Expenditures, one on the Home Owners' Loan Corporation, and one on the National Youth Administration.

Before your letter was received, the report on the Home Owners' Loan Corporation had been released by you to the Senate on May 20, and the report on the National Youth Administration was released at noontime on Monday, May 24. Each report indicates that it represents committee action.

Pursuant to the statute establishing the committee, the Secretary of the Treasury is a member of the committee, and while I have kept currently informed of the committee's activities in accumulating data with respect to these organizations through its public and executive hearings, the copies of the committee reports forwarded with your letter of May 20, 1943, afforded me the first knowledge that definite committee reports and recommendations were contemplated.

Inasmuch as apparently I am not to be given an opportunity to express my views

upon committee reports before they are released, or to have such views printed as part of the documents incorporating the committee reports, I shall appreciate it if you will incorporate in subsequent reports released in this manner a statement indicating that I have not had an opportunity to review the committee's recommendations and, accordingly, the recommendations do not necessarily represent my views as a member of the committee.

Very truly yours,

H. MORGENTHAU, JR.

That is the whole situation. The report was prepared by the clerk and after that it was sent to Mr. Morgenthau and to other members of the committee. I was not quarreling so much with the action of Senator BYRD and the members of his committee, who have done very fine work, but I thought it was improper for the secretary of the United States Savings and Loan League to send a letter to every member of that organization, stating that various Senators, including Senator LA FOLLETTE of Wisconsin, and a man like Henry Morgenthau, and the Director of the Bureau of the Budget, had approved such a report when they did not approve it then and do not now approve it.

Further, I would like to call attention to the fact that Mr. Smith, director of the Bureau of the Budget, testified in the hearings on the Home Owners' Loan Corporation in the independent offices appropriation bill at page 364. His testimony was given on April 4, 1943, 30 days ahead of the Byrd report, and he indicated then to the members of that committee certainly that he had no approval whatsoever of the thing that was later recommended by the Byrd committee.

Mr. CHURCH. Will the gentleman yield?

Mr. ANDERSON of New Mexico. Yes, I yield.

Mr. CHURCH. The gentleman has been very fair. He has mentioned Mr. Bodfish's name. When Mr. Bodfish received a report like this, which is signed by HARRY F. BYRD, chairman, and then on the first page, the committee and all the members of it—

Mr. ANDERSON of New Mexico. I regret that my friend keeps saying "signed by them," because it is not signed by them. The names of the members of the committee are carried on one side and there is not the faintest indication as to who signed, or who approved it.

Mr. CHURCH. All right. Perhaps Mr. Bodfish did make a technical error there. Do you know of any votes that Mr. Smith, Director of the Budget, ever cast in any committee, even though he is a member of those committees?

Mr. ANDERSON of New Mexico. No.

Mr. CHURCH. He does not. He is in the habit of never voting and that is his practice.

Mr. ANDERSON of New Mexico. Then I would object to it being stated that the committee unanimously approved the report. I think it is too bad that under date of February 26, 1944, on the stationery of the Congress of the United States, over the signature of the chairman of the committee, there was a letter

sent out to Ernest L. Rhodes, of Atlanta, Ga., which says:

After extensive investigation and hearings the Joint Committee on Reduction of Non-essential Federal Expenditures, composed of Members whose names appear on this letterhead, presented to the Congress and the President a unanimous report recommending the liquidation of the Home Owners' Loan Corporation.

Mr. CHURCH. Was there one single recorded objection to the report after two hearings?

Mr. ANDERSON of New Mexico. Certainly.

Mr. CHURCH. What?

Mr. ANDERSON of New Mexico. I just finished reading it to you.

Mr. CHURCH. Not one single member of the committee objected. It was reported out by the 9 votes, a majority of 14 members.

Mr. ANDERSON of New Mexico. I am going on with my discussion, but the letter I read to you was dated February 26, 1944. The report was made May 20, 1943, and the Secretary of the Treasury sent in his protest a couple of days afterward. When this letter was written it was written with the full knowledge that it did not have the unanimous approval of the members of that committee.

Now, let me go on and deal with the Home Owners' Loan Corporation itself.

The distinguished chairman of the Appropriations Committee [Mr. CANNON] quoted to us one day some words which a former speaker of the House from his State, Champ Clark, was fond of using—that the Senate was a saucer into which to pour and cool the hot tea that the House of Representatives had brewed. I find myself today comforted by that quotation but at the same time encouraged to hope that in the matter of the Home Owners' Loan Corporation, the House this year might not brew hot tea but might instead distill a little sober wisdom in the handling of this agency.

Last year when the matter came before the House of Representatives, the gentleman from Illinois [Mr. DIRKSEN] presented an amendment which you will find would have reduced the appropriation to H. O. L. C. from \$12,142,200 to \$8,310,734, and then provided that H. O. L. C. should not incur administrative expenses in excess of \$833,333.33 for any month from July to December 1943, nor in excess of \$208,333 for any month from January to June 1944. That amendment carried on a division in this House by 5 votes. It remained in the bill, was carried to the Senate, was early tossed aside by the Senate, but it was only after severe and prolonged persuasion on the part of the Senators that the House conferees were induced to abandon Mr. DIRKSEN's idea and not cut the funds to \$208,000 per month.

At the time the Dirksen amendment was before the Committee of the Whole House, I tried my best to defeat it. I put into the RECORD dozens of figures to show that H. O. L. C. was liquidating rapidly and in full compliance with the law under which it had been established. The Congress laid down the basis upon which H. O. L. C. should liquidate when

it brought the Corporation into being in 1933. It provided that loans should be amortized after the first 3 years on a 15-year-basis and thereby, the Congress said, and in my opinion said wisely, that this Corporation by its own devices and the terms of its own mortgages would liquidate itself by 1952.

There is a possibility that the theories of the gentleman from Illinois as to the early liquidation of H. O. L. C. will again be presented to this House, and that I again will seek to persuade my colleagues that they are not based on a proper conception in our duties as trustees over a billion-and-a-half-dollar business. I am frank to confess that being a member of a Board of Directors seeking to control and direct a business whose assets run to a total of a billion and a half dollars is a new experience to me, but I take it nonetheless seriously. I wonder what every Member of this House would do if he were suddenly transplanted back into his home community and given the responsibility for a critical decision on a billion-dollar business. I imagine that he would be very sober, very cautious, and that he would want plenty of figures.

I wish the Members of this House could go back to that day on February 17, 1943, when we debated the H. O. L. C. appropriation and read again the debate. They would be struck, I am sure, by the absence of statistical information in the addresses of those Members who favored the Dirksen amendment. They might be interested, as I was, in the comments that were made then, in the figures that were produced that day, and in the experience of the Corporation in the intervening 12 months during which the record of the Corporation itself proved or disproved the assertions which were made on this floor.

It was my effort that day to give a great many statistics which I had dug from the records or had estimated on the basis of experience. I told this Congress last February that at the end of the fiscal year in which we were then operating the mortgages of the Corporation would drop to about \$1,472,000,000. Today we know the actual figure. It was \$1,441,153,110.68. I hope the House will remember that, if I quote figures again this year. I told the House that H. O. L. C. was liquidating property since the gentleman from Illinois had questioned how rapidly this was being done. I reminded the House that on July 30, 1942, there were 35,190 pieces of property in the hands of H. O. L. C., but that by the end of the coming June it was anticipated only 23,477 houses would be left. Actually the number of houses to which the Corporation had title was 24,934, a little higher than the figure I had used, but it is interesting to note that by December 31, 1943, the figure had dropped to slightly over 12,000. I hope the House will remember that, and I would be happy if any individual Member would take the time to go back and check every figure I introduced in that debate and judge for himself as to the accuracy of the statements made.

Since that day in February in 1943 when this House was persuaded to ap-

prove the Dirksen amendment I have wondered what would have happened had the "hot tea" not cooled in the saucer of the Senate. I remind you that if the Dirksen amendment had been enacted into law, during the month of January 1944 by decree of this Congress initiated in this Chamber, H. O. L. C. would have been limited to an administrative expense of \$208,000 per month. What would have been the effect of that? In the light of today's experience we have a right to look at the Corporation to see what the proposal would have done, for our debate last year hinged on the desirability and the wisdom of that reduction.

Let me give you part of the answer. I recognize that there would have been many possible courses which H. O. L. C. could have taken under the reduced budget if the Senate had yielded on the Dirksen amendment. The two most obvious were: First, to distribute the cuts proportionately over the whole operative function, or second, to concentrate on the most vital function and eliminate all the others.

Let us examine the second of these possibilities—namely, that we retain one function and let all the others go. Naturally in a mortgage institution dealing with installment accounts, the most important single function is the collection of revenue and keeping the records of the Corporation. Could we do that? No. The Corporation could not have even done that much because it costs approximately \$275,000 a month for that one function alone and the gentleman from Illinois, in effect, tried to say to H. O. L. C. "If you follow that path you must throw away the Federal Home Loan Bank Administration, you must give up the Federal Savings and Loan Insurance Corporation, the two agencies which have helped to build Nation-wide a system of local building and loan corporations with \$6,000,000,000 of assets. You must junk all your property for whatever it will bring under the hammer and you will then not be permitted to have enough money to keep track of your mortgages and the payments made by the home owners to the corporation designed to assist them in that most American of ambitions—the ownership of the roof that is over their heads."

I say to this House that it was pretty heavy medicine to dish out in one afternoon. I suggest that it was not even the last word in human wisdom. I do not think there is a Member of this House who would stand up and contend that we should make that type of break between a good, going organization making millions of dollars by its mortgage operations, then overnight reduce it to a disrupted and destroyed business frantically struggling to liquidate within the framework of a resolution which did not even give it enough money to hire sufficient help to keep track of installment payments as they rolled into the office and to supervise the millions of dollars' worth of property which were producing a profit to the Corporation.

I call your attention early to the fact that in the fiscal year ending June 30,

1943, the Home Owners' Loan Corporation made a net income of \$32,098,813.40 from its mortgages and from the management of its property. That is a pretty nice business. By the old stock-market 10X formula that is a business worth \$300,000,000 as a going business and not worth a cent as a dead one. That is a business worth salvaging if it were in trouble, but it is certainly a business worth preserving while it pours money to the tune of \$32,000,000 per year into the Federal Treasury. Remember now that you are not a member of a political party on this issue. You are a trustee of a big business with a billion and a half dollars in assets and if some man comes to you in your position as trustee and says, "Let's liquidate," you say to him, "What's the matter, does somebody else want this \$300,000,000 business free? Does somebody else want this \$32,000,000 a year?" You think about that when somebody tries to strike at the vitals of this Corporation.

Of course someone might say, "I only want to sell the good loans to the good people of my district. I only want to give the United States Savings and Loan League the gilt-edge paper. The Corporation would still have a chance to carry on with the scrapings from the bottom of the barrel."

All right. Let us assume that in this partial liquidation the Corporation would have sold by January 1, 1944, all of its good loans and would have had left only those which private purchasers would not take, the Corporation would still, in my judgment, have had left fully three-fourths of its outstanding mortgages. The servicing and bookkeeping costs for such mortgages would have exceeded the amount of money which the House would have made available to the Corporation for monthly expenses after January 1.

Inasmuch as the total amount carried in the Dirksen amendment was not sufficient for one of the most vital of its functions, H. O. L. C. obviously should not have followed that route in its endeavor to restrict its operations to a restricted budget. Let us, therefore, examine the other alternative—a general cut in all functions. As anyone can see at a glance, a maximum of \$208,000 per month is approximately one-fourth of the \$833,333 which were to be available to the Corporation each month from last July up to January 1. Suppose it had been possible to cut the expenses of each department of H. O. L. C. by three-fourths so that it could proceed on the remaining one-fourth, what would have been the effect? From the standpoint of business, the proposal was so monstrous that my imagination cannot, on any reasonable basis, conjecture what the Corporation could have done. No sound business liquidates that way.

By process of simple arithmetic it is easy to compute the staff which the Corporation could have retained in each administrative and operating division if three-quarters of all its 3,300 or more employees had been discharged. Since the average salary of its employees is more than \$200 per month and these employees had accumulated leave of more

than 30 days, it is obvious that the Corporation would not have had in its budget of \$208,000 per month enough to pay the accumulated leave of its discharged employees. In fact, if they could have drawn on the full budget for 2 months they still would not have had enough, yet our restrictions would not have permitted the use of more than \$208,000 in any 1 month. Thus, an honorable corporation would have been forced to do the dishonorable thing of throwing its employees out without paying salaries when they fell due.

Another alternative was suggested last year by the managers of H. O. L. C. before the Joint Committee on Reduction of Nonessential Federal Expenditures. That alternative was to anticipate the cut proposed in the House and prepare for it by discharging a large number of H. O. L. C. employees before entering upon the 1944 fiscal year. Such a course would have meant the discharge of 1,064 employees by May, 1943, or 2 months before the end of fiscal year 1943. It would have meant the termination of 2,330 more employees by November, 1943, and would have left 777 employees on the pay roll as of January 1, 1944. This number of employees was not enough to take care of home office accounting controls and auditing and carry the necessary accounting and billing operations in the regional offices. Fortunately, the cut was not required and the Corporation was permitted to continue its orderly course.

While we are dealing, however, with the subject of employment, you are entitled to know that the threat of speedy liquidation last year resulted in the resignation of many of the Corporation's most experienced and competent employees who, turned to other and in some cases more remunerative work. Clearly, the effect of the House action, in whatever course H. O. L. C. might have preferred, would have been to embarrass the Corporation and plunge one of the Federal Government's most efficient agencies into unnecessary hardships and a mad jumble of confusion and costly disorder.

During the past fiscal year which ended June 30, 1943, the Corporation had a net operating income before making provision for losses of \$32,000,000 so I am glad it could go on and make this money for the American taxpayer. This income was \$9,500,000 more than in 1942. This increased income of fiscal year 1943 was accomplished in spite of a decrease of interest income and an increase of curtailments and of loans paid in full during that year.

Although the Corporation had an income of \$10,500,000 less in fiscal 1943 than it had in fiscal 1942, its expenses for over-all operations were approximately \$20,000,000 less, and it was thereby able to produce an increase of \$9,500,000 in the net operating income. Inevitably, this favorable showing would have been impossible if the Corporation had been forced to a rapid liquidation.

Against the net operating income of \$22,500,000 for fiscal 1942, the losses sustained amounted to \$26,700,000, leaving a net loss of \$4,200,000. During the

fiscal year 1943, the losses on the sale of properties amounted to \$27,600,000—nearly a million higher than the previous year. However, because of reductions in operating expenses for the fiscal year 1943 there was left a net profit of \$4,400,000 after absorbing all losses. This profit of \$4,400,000 as against the net loss of \$4,200,000 in 1942 represents a net gain of \$8,600,000 in 1943 over 1942, after deductions for all losses.

I am informed that the Corporation, according to its careful estimates, will collect during the current fiscal year between \$300,000,000 and \$400,000,000, at an administrative cost of less than \$10,000,000, and that if allowed to continue its orderly liquidation to the end of its contract obligations there is a clear possibility it will wind up its affairs without any loss to the Government or to taxpayers. Indeed, according to the estimates of the Corporation, there is an excellent possibility that it can complete its task without disturbance of private mortgage markets, and in the final reckoning show a small financial profit.

To support his argument for a destructive cut in the H. O. L. C. appropriation, the gentleman from Illinois called attention to the fact that H. O. L. C. was created as an emergency agency, and that it should immediately proceed to liquidate. He must have known, because he has sat on the House Appropriations Committee for many years, that H. O. L. C. had made no loans since 1936, and continuously for more than 8 years has been engaged in progressive liquidation. In spite of the knowledge, he gave his colleagues the impression that H. O. L. C. was not liquidating. Here is what he said on February 17, 1943, during last year's debate:

There is no disposition to liquidate. That is the trouble. That is the trouble with bureaucracy. That is the trouble with an emergency bureau, once it becomes entrenched, they do not want to liquidate. They do not want to let loose. . . . There is only one way to liquidate and that is to liquidate.

What are the facts? Is it true that the Corporation has shown no disposition to liquidate? Let me give you a very quick but accurate summary of its accomplishments in liquidation:

Its outstanding loans have been reduced in number from 1,005,968 in fiscal 1936 to 736,693 in fiscal 1943, a reduction of 26.77 percent.

Its outstanding loans have been reduced in amount from \$2,944,500,704 in fiscal 1936 to \$1,441,153,111 in fiscal 1943, a reduction of 51.06 percent.

Its acquired properties have been reduced from a cumulative peak of 195,644 to 24,991 as of June 30, 1943, a reduction of 87.2 percent, and the coming June 30 should see the number drop to 7,500.

The total amount of properties acquired has been reduced from a cumulative peak of \$1,009,838,109 to \$187,952,363 as of June 30, 1943, a reduction of 81.4 percent.

Its outstanding bonds have been reduced from \$3,046,839,375 in fiscal 1936 to \$1,735,509,700 in fiscal 1943, a reduction of 43.0 percent.

Its employed personnel has been reduced from approximately 21,000 in fiscal 1935 to 3,319 on July 1, 1943, a reduction of 84.19 percent.

This too shows that there is a disposition to liquidate, that there is a desire to cut down and that progress is properly being made in that direction.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of New Mexico. I yield.

Mr. TABER. I had an instance of a desire to liquidate a home where it took 5 months to get a discharge of the mortgage from the New York office to a bank for the purpose of closing a real-estate deal where they were to have the mortgage paid off. I have called it to the attention of Mr. Fahey but I have not received any explanation although a month has passed.

Mr. ANDERSON of New Mexico. I think the gentleman from New York is entirely correct in calling the attention of Mr. Fahey to things of that nature. I think that the Home Owners' Loan Corporation does not function perfectly; I will admit that any time. I know very few Government organizations that do. All I say is that with \$32,000,000 a year rolling into the Treasury to take up last year \$27,000,000 of property losses it is a good piece of business. Further than that we will have left this June only 7,500 pieces of property. We will take losses on those pieces of property running into 30, 40, or possibly 50 millions of dollars. If we can have the income from the mortgages for that period, to take those losses out of a going business and not throw them onto the Treasury and the taxpayers of the United States, I will be satisfied and happy about it. When that comes I will not worry quite so much about the matter of liquidating H. O. L. C.

Mr. TABER. I should like to call attention to this too. I have had very grave doubts about the efficiency with which the outfit was being managed and I raised certain questions. They sent a man around to see me whom they said was a direct representative of Mr. Fahey. His name escapes me for the moment. I spent a whole forenoon going over things with him and I called attention to the fact that very many of the statements that we obtained from Mr. Fahey's organization were not correct and I wondered what the explanation was. That was at least 6 weeks ago and the explanation has not yet arrived.

Mr. ANDERSON of New Mexico. May I say that I too have wanted information about certain phases of the operations of the Corporation. Rather than have them send a man down to my office, I got on the train and went up to New York City, where I went as carefully through the office as I would have gone through it had I been a stockholder in the Corporation. I found some things I would not have tolerated in my own individual business, but I also found things there that I thought were extremely commendable. I found fine samples of record work. I saw a lower cost of keeping track of installment mortgages than some of the finest insurance companies having that type of loan can boast of in

the United States today. The general picture is not all good, as I am quite willing to concede; it could be greatly improved. What I have asked is that we hold on to this income until we have fully absorbed the losses on the sale of properties. Then we will be in much better position to handle it than we now are.

To give a final example of the desire and intention to liquidate the corporation in an orderly fashion.

Its obligations for administrative expenses have been reduced from \$37,426,579 in fiscal 1935 to \$10,718,379 in fiscal 1943, a reduction of 71.36 percent.

Does this show evidence of "no disposition to liquidate?" Can it be that the scholarly gentleman from Illinois was being misled? Or can it be that to make the better H. O. L. C. mortgages available to private business firms he was himself ignoring, and would have had us ignore, the facts? I have some familiarity with home-mortgage finance. It is my belief that the Home Owners' Loan Corporation, on a national scale, has done a better job of liquidation than any private business in the country has ever done with similar loans and mortgage assets. For H. O. L. C., by its congressional charter, deals in only one type of paper—bad loans on poor risks.

Our colleague from Illinois, again for the purpose of forcing a budget cut and thereby speeding the liquidation of H. O. L. C., called attention to the administrative expenses of the Corporation, and seemed to imply that these came out of public funds. What are the facts?

From the beginning of its operations through June 30, 1943, the total operating and other income of the Corporation was \$1,144,007,144.40. Operating and other expenses during the same period amounted to \$954,168,938.73, leaving a net income before provision for loss of \$189,838,205.67. During the last fiscal year, as I have pointed out, the balance of operating and other income over operating and other expenses was in round numbers \$32,000,000. Were it not for the losses which the Corporation is obliged to suffer in the sale of its less desirable real estate, its operations would show a substantial profit. Undoubtedly, it is these profits which attract the mortgage lending institutions to clamor for a slice of the H. O. L. C. mortgage portfolio. These institutions, said the gentleman from Illinois, would like to purchase the good loans. If they were able to buy the good loans of the Corporation without carrying any of the costs of delinquency or any of the losses on the sale of real estate, they could make an annual profit of \$19,000,000—and no renegotiation. Naturally, such a large profit is attractive to these institutions. What business would not like the Government to hand over to it an annual profit of \$19,000,000? That is big money even in these days of inflated national income.

Following his recital of heavy burdens on the Treasury for H. O. L. C. operating expenses, the gentleman from Illinois complained that it costs 811,000 citizens substantial amounts "because these expenditures come out of the citizens." Let us look at the facts and see what ex-

penditures are coming out of H. O. L. C. borrowers, these citizens to whom our colleague refers. These H. O. L. C. citizens are now paying 4½ percent interest on their loans, and, happily, they are not burdened by extra fees, fines, forfeitures, or frequent refinancing commissions. How many private corporations are even today in these flush times lending money to their borrowers on real-estate mortgages at the low rate of 4½ percent? How many are doing as the H. O. L. C. did, absorbing appraisal fees, title searches, legal fees, recording fees, and such, without charging them to the borrower? It is safe to say that if H. O. L. C. loans which formerly were held by private institutions were returned to them the rate would be substantially higher, and new charges would be levied on the borrowers. Interest rates might, because of the poor character of many of the loans and the small amounts of the majority, rise to 5½ percent or 6 percent, or go back to the old average of more than 7 percent, at which these loans were carried before the H. O. L. C. took them over. So let us ask: What is coming out of the citizens? I wonder if our colleague can answer.

Instead of implying that the citizens who are H. O. L. C. borrowers are carrying heavy expenses because of H. O. L. C., perhaps he should in all honesty have pointed out that they enjoy a lower rate of interest, plus more other advantages, than have ever been given to home-loan borrowers in our entire business history. He should have told you that H. O. L. C. borrowers enjoy more leniency and more cooperative assistance than have ever been extended to such borrowers by any type of lending institution. Instead of that, he concluded his argument on the burden of H. O. L. C. to citizens by saying: "If we continue the Corporation there is going to be one of two answers. Either we are going to continue to bleed the borrowers or we are going to have to pay it out of the Federal Treasury."

Does the low rate and favorable terms of H. O. L. C. constitute bleeding? If so, what about private rates when the H. O. L. C. came into existence? Let him answer. As I have pointed out, the H. O. L. C. original rate of 5 percent was at least 2 percent below the average rate charged by private lending institutions on home mortgages. These rates, due to the influence of H. O. L. C., have gone down. So has the charge to H. O. L. C. borrowers. It is now 4½ percent. Have private rates gone as low as 4½ percent? Let him answer. I am safe in saying that they have not gone to that low point for even the safest of home mortgages without Government insurance, and I am safe in saying that the average rate for home mortgages throughout the United States is still at least 1 percent higher than the current H. O. L. C. rate. Moreover, most of the home mortgages financed by private lending institutions are on less favorable terms. Many of them are written as they were written before the depression, for a 1-year period only. Others are written for a period of 3 to 5 years. These are the so-called straight type, and must be renewed at the end of the contract period.

Then they are rewritten, usually for a smaller amount, and usually at the cost of a commission and legal expenses.

I have before me evidence that some of the institutions which have succeeded in persuading H. O. L. C. borrowers to refinance their loans with them, are rewriting the mortgages for 1 year, and are inserting in the mortgage instrument a clause which provides for 8 percent interest in case of default. Does this procedure give evidence of any more favorable consideration by private lenders of home mortgage borrowers?

Before I leave the subject of H. O. L. C. expenses and the cost of H. O. L. C. in the handling of its mortgage loans, let me submit a brief statement of the Corporation's financial structure. When it was created, Congress authorized the Treasury to supply capital to the Corporation up to \$200,000,000. It authorized, in addition, the issue and sale of bonds or their exchange for defaulted home mortgages up to a total of \$4,750,000,000. Not all of the bond authorization were issued, and of those issued about half have since been retired. At the present time the Corporation enjoys a spread of approximately $2\frac{1}{4}$ percent between the money due as interest on bonds and the income due as interest on mortgages. Out of this difference of $2\frac{1}{4}$ percent, the Corporation is able to pay all of its administrative expenses without taking one cent of public funds for its appropriated or other expenses.

You will remember that when the Home Owners' Loan Act was passed in June 1933 we were in the pit of the depression. Because the depression was no respecter of persons or political beliefs, those who created the Corporation and subsequently organized it undertook to deal with the problems presented by the depression on the basis of sound, non-partisan business. The action taken on home-loan legislation by both House and Senate was practically unanimous. In the Senate there was no recorded vote. In the House roll call there were only four dissenting votes. It is clear from the record that Republicans and Democrats alike joined in creating the H. O. L. C. and in making it a nonpartisan relief activity to rescue home owners and home-financing institutions from financial ruin.

It was the intent of Congress that the Corporation, after a brief lending period of 3 years, devote itself over a period of 15 years to liquidation. That was the liquidation plan of the Congress. Later, in 1939, the House and the Senate, without record votes in either instance but without a single objection, extended the period of liquidation from 15 years to 25 years so as to give borrowers who were having difficulty in meeting their mortgage payments and taxes more time at slightly lower monthly payments in which to discharge their burden of debt. The Congress did that, not H. O. L. C.

The country knew when the Corporation was created, and we have known all along, that the mortgages placed by H. O. L. C. which could survive would become increasingly safe and increasingly attractive to lending institutions. We knew that as home owners by their

month-by-month payments increased their equities and reduced their debts, the risk of the Federal Government would become steadily less and the security of the home owners increasingly large. We knew last year what was known as far back as 1935, that certain mortgage lending institutions were organizing their forces for the purchase of selected H. O. L. C. mortgages.

Several years ago it was evident that some H. O. L. C. loans had become fairly safe investments for private institutions. Agitation for their sale to certain private institutions began as early as 1935. It was not, however, until 1942 that an organized effort was begun in the House to turn H. O. L. C. investments over to hungry financial institutions. Much has been said to the effect that H. O. L. C. has opposed such action, but remember this: Any day a private mortgage company wants an H. O. L. C. loan at par, all it need do is find a borrower who prefers to deal with the private company, supply the mortgage money, pay off the Government loan, and record its own loan. It is that simple. But if the company wants a discount, or a bargain—that is something else.

Let us now examine minutely H. O. L. C.'s acquisitions and the record of liquidation of its owned real estate. The Corporation's experience in the acquisition and sale of property dates back to the early years of its operations. By the end of 1935 it had acquired a total of 129 properties, with a cumulative dollar value of \$509,436. Acquisitions continued from year to year as additional borrowers were unable or unwilling to meet the most liberal terms ever made for home mortgages. By December 31, 1943, it had acquired a total of 196,749 properties.

During the last 3 years of that 9-year period comparatively few properties were taken. However, in the peak year of 1937 nearly 65,000 properties were acquired. In the next year, 1938, more than 48,000 were acquired, and in 1939 about 24,000 were acquired, a combined acquisition of real estate greater by many times than any other lending institution in the country, enough to house a city population of more than three-quarters of a million people.

What is H. O. L. C.'s record of sale or liquidation of these properties? In 1936 it sold 142. In 1939 it sold nearly 38,000; in 1940 slightly under 50,000; in 1941 nearly 35,000. Since then its sales have declined because the great bulk of its properties have been disposed of. In 1942 the total sales were slightly under 17,000, and in 1943 only a little over 14,000.

As a matter of significant fact, the Corporation's record of the disposal of its foreclosed real estate is better with respect both to volume and to prices than that of the private lending institutions in the same communities for the same types of property. Let me be specific and take a few cases in the most difficult area with which the Corporation has had to deal—that of New York. There, a total of 9,164 sales were closed during the period of January 1 through December 31, 1943. Complete data is

available on only 9,113 of these sales. Analysis of these shows that 11,440 purchase offers were submitted. Of these offers, 1,733 were rejected and 594 were withdrawn or in negotiations failed to result in offers that were satisfactory. As a result of negotiations prior to the approval of purchase offers, an increase of \$909,279 over initial offers was secured. This figure represents an average increase of \$100 for each closed sale.

Included among the 9,113 properties on which sales were closed were 1,300 properties on which offers to purchase were previously rejected but on which sales were subsequently made at higher offers. Analysis of these 1,300 sales discloses an increase of \$606,154 in total sales prices obtained above the original offers which had been rejected. This figure represents an average increase of \$466.27 for each affected property.

The figures I have quoted indicate the precautions taken by the Corporation to obtain the best possible prices for its properties, but always with due consideration of the current market and the influence of its sales on community values.

In spite of the evidence which we have and which, as a member of the Committee on Appropriations, he has had from year to year, the gentleman from Illinois complained a year ago that the Commissioner of the Federal Home Loan Bank Administration "makes every building and loan institution, every insured institution get rid of its bad real estate," and he then asked this House, "Why should not the Home Owners' Loan Corporation abide by the same rules? If it is a good rule for others of the country, it is a good rule for Mr. Fahey."

Well, now, I wonder. Let us see what sort of a story that was. The evidence clearly shows that the management of H. O. L. C. is taking its own advice and vigorously applying the rules laid down with respect to the sale of foreclosed real estate. As of June 30, 1943, the Corporation had reduced its holdings of acquired properties by 81.4 percent. Since that time the percentage of reduction has exceeded 90 percent. I doubt if lending institutions generally throughout the country have made any such favorable record even though their loans were admittedly better and most of them made on a basis of 66 $\frac{2}{3}$ percent of appraised value rather than the liberal 80-percent loans of H. O. L. C.

Some weeks ago, on January 7 to be exact, the gentleman from Illinois sent a form letter to banks, savings institutions, and private mortgagors throughout the United States, asking if they wished to purchase some of the assets of H. O. L. C. His letter said nothing about purchasing these assets at a premium, and gave no encouragement to bid on the slow assets of the Corporation. His intention apparently was to offer these institutions some attractive investments for their excess funds. He did not even advance to them the suggestion that they pay a premium for the better H. O. L. C. mortgages which are certainly worth a premium. Why he failed to suggest a premium price he does not disclose, yet on the floor of this House a

year ago he stated: "We could actually get a premium on the great bulk" of H. O. L. C. mortgages. Why his failure to suggest a premium in this year of political campaigning? Is he issuing a general come-on invitation in the expectation that this Congress will be deluged with a volume of requests for bargains that will not develop and which will ultimately result in dissatisfaction, the onus of which may be adroitly placed upon H. O. L. C.?

Because of the importance of this question, I made it my business to obtain the facts and to organize and present them so clearly that you could have the benefit of them before taking action on the future conduct of H. O. L. C. as a business instrumentality of the Federal Government.

We have been told that the H. O. L. C. should liquidate. I have presented to you facts which show the H. O. L. C. is liquidating and has been liquidating for the past 7 years with commendable results. We have been told that its budget should be cut radically, nearly 50 percent in 1 year and from normal monthly expenses of \$800,000 to monthly expenses of about \$200,000, to force a rapid and precipitous liquidation. I have indicated some of the destructive and wasteful effects of such a course of action. We have been told that the H. O. L. C. is no longer needed, and that its assets should be transferred to the advantage of private lending institutions. I have undertaken to show what the probable effect of this requirement would be. In our deliberations on this subject a year ago, we made a decision which was unwise, but which, without the intervention of the Senate, would have been imposed. I hope that this time our better judgment will be applied, and we shall permit the H. O. L. C. to continue without further interference in its important public services and its orderly liquidation.

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Tennessee [Mr. GORE] is recognized for 10 minutes.

THE TENNESSEE VALLEY AUTHORITY

Mr. GORE. Mr. Speaker, I address you upon a subject of high importance not alone to the two and one-half million people in six Southeastern States whose electrical needs are served by the Tennessee Valley Authority, an agency of the Government in the United States, but a question of importance also to the entire Nation. This speech is occasioned by the fact that the other body of Congress on last Friday adopted an amendment to the bill appropriating funds for the T. V. A., offered by the senior Member of that body from the State of Tennessee, that has such far-reaching meaning, should it become law, as not only seriously to hamper both the hopes and prospects of the people of this great region for social and industrial development but actually to change the basic character of the Nation's greatest and most successful experiment in unified regional development, possibly changing its prospects of even greater success and achievement to an outlook of atrophy and ultimate failure.

In making these remarks, I do not question in any way the motives of the senior Member of the other body from my State. This gentleman has worked too hard and has done too much for the development of the hydroelectric, flood, and navigation facilities of the Tennessee and other rivers for me to think that he desires to do, or believes that he is doing, a disservice either to the people of his State and Nation or to this great public utility. I can only interpret his action as mistaken judgment.

I have referred to the T. V. A. as an experiment in unified regional development. It was thus conceived and planned, the first of its kind. It was by no means the first time the Government had undertaken a project of flood control or to make a stream navigable. Nor was it the first adventure in public ownership of power facilities. What was new was the plan to coordinate not only these purposes and functions in one project but to unify and correlate them not only with themselves but with the development of an entire river valley, immeasurably rich in natural and human resources.

The enthusiasm with which the overwhelming majority of the people of this region have accepted and supported the project has only been matched by the virulence and determination of its opponents.

Congress, which with the President, created the T. V. A., has steadfastly given it support. It is now an immense development, the largest engineering and construction job ever carried out by one single agency, public or private, in the Nation's history.

To be sure, it has cost a lot of money. Over \$700,000,000 of the people's money has been spent upon the program. But the whole project belongs to the people, and I believe it is a good investment.

To my colleagues who are the elected Representatives of the people and the guardians of their interests, there would naturally arise the question: What have the people got for their money? This question can be answered, I believe, satisfactorily.

First, let me point out the utterly invaluable contributions of the T. V. A. facilities to the war program. Electrical energy, one might almost say, is the lifeblood of modern war production. When war descended upon us with such sudden treachery and our need for planes became so acute, the Nation had this great source of electrical energy for production of aluminum. Electrical power from the T. V. A. facilities has produced a major part of the aluminum for America's aircraft. At one critical point of the war, it produced more than one-half. And let it be remembered that to make one large bomber takes more electricity than the average American family would use in 400 years.

But aluminum is only one example. The production facilities brought into being by and because of the T. V. A. have turned out a record of war production which, once the full story can be told, will, in my opinion, forever justify this great national development and investment. Even now, one of the Nation's

largest, most strategic, and highly secret war projects is under urgent construction somewhere within the valley, served by T. V. A. power.

The T. V. A.'s contribution to the war, however, is not the only thing the people of the Nation have to show for their money. The T. V. A. and its far-flung facilities can conservatively be regarded as a very valuable capital asset. Its properties are new and it is, in fact, a going concern of proven feasibility.

For one direct benefit to the Government, the per capita level of income of the region's people, though still far too low, has shown a healthy increase. By 1940, the per capita income of the seven Tennessee Valley States showed a 73-percent increase over the level of 1933, while the national increase for the same period was only 56 percent. As a result of this increased income, the increase in income taxes paid to the Government from that region is considerably above the increase for the country as a whole.

The benefits to the Nation by making this great river navigable must be considered as similar to the benefits of making many other of the Nation's rivers navigable. The benefits go not only to shippers, industries, and consumers using the Nation's navigable channels, but the business enterprise and the economic activity of the entire Nation is given a boon, thereby benefitting the whole people. Similarly, we must consider the flood-control investment on the Tennessee River and in that valley as a protection from hazards similar to that provided by flood-control projects on many other of the Nation's streams.

I mention some of the above things not to avoid a dollar-and-cents question on the Nation's investment in T. V. A. power facilities, but to emphasize that the power facilities are by no means the only national benefit from the T. V. A.

As to the power, the answer is not so difficult, because power is sold and revenues provide a dollar-and-cents measurement. It is not a discouraging record, either. For instance, during the last fiscal year, income from power sales amounted to more than \$31,500,000. After deducting the expenses to produce and distribute that power, including tax payments and liberal depreciation allowances, there was a surplus of more than \$13,000,000. This would indicate that the people have made a good investment in these power facilities.

During the current fiscal year the T. V. A. has already retired \$2,000,000 in outstanding bonds out of current receipts.

While this operation has given satisfactory results to the people of the country as a whole, it has been a boon and a blessing to the people of the Tennessee Valley. What, then, is the justification or the reason for this disturbing amendment? I do not think there is sufficient justification, and I shall not here undertake to discover a reason, if any.

The amendment which the other body has adopted and which may soon be a question before the House, requires that all receipts of the T. V. A., wherever and however collected, must be paid into the general funds of the Treasury, just as taxes, import duty, or any other ordinary

governmental revenue. Once in the general funds of the Treasury these revenues would be commingled with the other revenues of the United States. There would be no earmarking, no identification of these funds. In other words, when a consumer of T. V. A. electricity paid his light bill it would not go into the operating funds of this public utility, as is the case with every other utility in the United States, but it would go into the general revenue of the United States just like income-tax payments.

Once these moneys are in the general fund of the Treasury, they cannot be withdrawn by the T. V. A. or by any other agency except as they are appropriated by Congress.

So, under this proposal, the receipts from the operation of T. V. A. would no longer be available, as they are now, to pay the ordinary operating expenses of the T. V. A., with only the net proceeds required to be paid into the Treasury general fund. Instead all receipts would, as I have said, become Government revenue and the T. V. A. would have to rely upon direct appropriations from Congress for every solitary penny of its expenditures.

Perhaps it would be helpful, Mr. Speaker, to review briefly the history, not of the entire T. V. A., which is not in question here, but the manner of handling the receipts of the T. V. A. By the original Tennessee Valley Authority Act the net proceeds, after payment of its ordinary expenses, were required to be paid into the Treasury at the end of each calendar year. There is no requirement in the original act that the current receipts be either paid into the general fund or deposited in the Treasury. Insofar as the Tennessee Valley Authority Act is concerned, the T. V. A. board could select any local bank, or banks, or other financial institutions, in which to deposit its current funds. Only the net proceeds, let me repeat, are required to be paid into the general fund of the Treasury.

But in 1935, upon the joint suggestion of T. V. A. and the Treasury, Congress wrote into the appropriation bill an amendment which permitted the T. V. A. to pay its receipts into a Treasury special fund. In other words, the T. V. A. was given permission to deposit its current receipts, along with appropriated funds, in a special fund within the Treasury. In this way this Treasury special fund is the banker of the T. V. A., holding its funds on deposit and paying its withdrawals.

Far from being a Lillienthal trick, as has been recently alleged, this was and is a sound method for a governmental agency engaged in business operations to safeguard large public funds.

This same provision has been included in every bill appropriating funds for the T. V. A. since 1935. It does not in any way alter the requirement that the net proceeds of the T. V. A. be paid into the general funds of the Treasury or permit the use of receipts on any unauthorized project. The only reason the net proceeds have not been paid into the general fund, after the end of each fiscal year, is

that Congress, prior to then, had appropriated these net receipts or balances for use by the T. V. A. These have, nevertheless, been available and, but for these appropriation bills, would have been paid according to law into the Treasury general fund.

The amendment adopted last Friday by the other body would not permit a deposit of receipts in a special Treasury fund, but, instead, as I have earlier said, would require that all receipts be paid into the general fund of the Treasury as revenue.

This amendment is advocated on the grounds that the T. V. A., like other governmental agencies, should make an accounting to Congress. Now right here, I would like to refute the canard that T. V. A. has not been making an accounting to Congress. The fact is there are few, if any, governmental agencies with a finer record of accounting to Congress than the T. V. A. has. It has been remarkably successful and entirely free of fraud and mishandling of its funds. Its reports to Congress have been full, open, and in more detail than required by law. Its operations are not only audited by the Comptroller General's office but are also audited by one of the Nation's leading private auditing firms. A congressional committee was appointed to investigate the T. V. A., and after an exhaustive investigation gave a very favorable report on its operations.

Mr. Speaker, I hope you will not confuse the T. V. A. and its operations with an ordinary governmental agency. Like it or not, the T. V. A. is big business—a big business owned and operated by the Government of the United States. It is one of the Nation's largest utility systems. To require it to operate on the self-same principles as the Federal Trade Commission, for example, would be fruitless folly.

Congress has neither the time nor the technical staff to operate a large utility. Yet, that is virtually what Congress would be doing if this amendment becomes law.

Permit me, Mr. Speaker, to point out some of the difficulties. Every Member of Congress knows that work on appropriations and estimates for appropriations begins many months before the money is actually appropriated and available for expenditure. As an example, the T. V. A. went before the Bureau of the Budget in September 1943 to present estimates of their expenditures for the fiscal year beginning next July 1 and ending June 30, 1945. The bill presently under discussion embodies these estimates. Fortunately, the T. V. A. is asking for the appropriation of no new money for next year, asking only for the appropriation of the unexpended balance to be used together with its receipts.

The use of its receipts gives to this public utility a businesslike flexibility. Increased expenditures, reflected in increased demands for power which cannot be accurately anticipated, would mean increased revenue. The two would likely offset each other and maybe the increased business would result in a benefit to this agency owned by the people.

As an example in point, in 1939, just after the declaration of war by Great Britain, the Aluminum Co. of America, located in this valley, found itself in critical need for more power because of an increasing demand for aluminum. As it happened, the supply of power from its own hydro facilities was actually decreased because of a drought. This company appealed to the T. V. A. for power way beyond T. V. A.'s contractual obligations. The T. V. A. supplied a large block of power, largely by bringing into operation some of its stand-by steam plants. The company paid to the T. V. A. for this power \$1,600,000. In producing that power, the T. V. A. spent \$1,300,000, leaving a profit to this agency of the Government of \$300,000.

The T. V. A. was able to enter into such a contract because it could use its increased income to pay its increased expense, as other prudent business organizations can do. It could not have done it without considerable delay that would have meant less aluminum, if it had been necessary to wait for passage of an appropriation bill.

Now, suppose that instead of continuing this businesslike method we require the T. V. A., as is proposed by this amendment, to pay all of its receipts into the Treasury as revenue and come to Congress for the appropriation of all of its expenditures for the innumerable details and contingencies for the operation of a very large utility business. How could Congress do this intelligently with our present methods? How could even the T. V. A., and much less the Congress, accurately estimate the detailed expenditures of such a huge business operation a year or more in advance?

The first big contingency would be unpredictability of the weather, particularly in the T. V. A. region. There is always the possibility of a dry year. When a drought comes, less power can be produced from the hydroelectric generating facilities and, therefore, more power would necessarily have to be produced from steam plants. One difference between electricity and other products is that it cannot be stored. It must be transported and used when produced. Constant supply means constant production. Continuity of supply is essential. That is one thing customers pay for. So, when power cannot be produced sufficiently from hydrofacilities, the standby steam plants must be used.

Now, it costs more for the T. V. A. to produce power by the steam plants than by the hydrogenerators. The difference in this cost of power might vary as much as \$10,000,000 from a good to a bad year. To take care of this contingency, the T. V. A. has incorporated in contracts with large power-consuming units a compensating factor by which it is permitted to charge proportionately more for the electricity which it has to produce from steam plants. There, again, the increased cost of operation is taken care of by increased income.

But under the method proposed by the amendment all of the receipts, including the compensatorily increased rates, would go into the general fund of the

Treasury and there would be no corresponding increase in the previously fixed amounts appropriated for use by the T. V. A. Such increased expenditures, made necessary by drought, could not be made except by passage of another appropriation bill unless, of course, the T. V. A. appropriation bill contained a large contingent fund, which is another name for a blank-check appropriation.

The second most important contingency comes about through acts of God, such as flash floods, tornadoes, and storms. These cannot be accurately estimated nor could proper provisions be made for them under the amendment except, again, through a large contingent fund.

The third large contingency arises out of unanticipated demands for electrical energy—a new industry, for instance, or increased activity on the part of big industrial users, such, for instance, as the demand for more power for making more aluminum, requiring new transformers and substations.

Another large contingency might arise out of a major break-down of large generating or transmission facilities.

I firmly believe that to treat all of the receipts of this public utility as general revenue and then to rely upon direct appropriations by Congress for all of its detailed expenditures would result either in reduced efficiency of the agency and an effective stifling of its use and development, or in huge blank-check contingent appropriations for it.

Now some will argue that it can be handled through contingent appropriations. In a measure that is true. But let me point out that this kind of blank-check appropriation is being increasingly frowned upon by Congress. At best it would be an inefficient substitute for the present method.

Now should we come down to an item-by-item appropriation for the T. V. A., which would be the logical step to follow enactment of this amendment, there would then be brought into focus and into the lap of Congress the myriad small items incidental to the operation of one of the Nation's largest utility businesses. These, indeed, would be baffling. Suppose, for instance, that we appropriated a given amount to be used in a given year for automotive vehicles. Suppose then that after this amount had been used, the T. V. A. had a wreckage of some essential power trucks. What would be the situation? It could not replace these trucks, leaving the people unserved, until an additional appropriation bill could be passed. At best, this is a slow process. At its worst, disaster to a dynamic, productive undertaking of great promise for the future if unmoled.

Should Congress try to operate a public-utility business, Mr. Speaker, we would soon find ourselves knee-deep in highly technical details, guess estimates, and unpredictable contingencies. If it should prove unworkable from the standpoint of Congress, it would be calamitous to the region served by the T. V. A.

Frankly, I believe all you will have to do to stop the industrial development of

this great section of our Nation is to place the T. V. A. knee-deep into politics and subject its every activity to previous approval and item appropriation by Congress. Do you think, for instance, that the Reynolds Metal Co. would have made a huge investment in the T. V. A. area if it could not have been assured of contracting with a responsible agency for power over a long-time period, or if the T. V. A. should have been unable to make the contract, profitable or unprofitable, until the location of the plant, its business, and its needs had been aired before Congress and a bill passed appropriating the money? I doubt it.

Suppose one of the municipalities in this area, Nashville, for instance, has in sight a new plant or business which would require a large block of additional power, maybe the building of a new transformer or a new transmission line. Obtaining this new plant and productive facilities would be a good stroke for everyone concerned, not only for Nashville and the surrounding area but for the entire Nation. Under the present method of operation, the T. V. A. could immediately undertake and contract to supply that power, after being satisfied that the increased revenues would justify the increased expenditures. But, under the method proposed by the amendment, the city of Nashville and the prospective new industry would have to look not to a business contract but to some politician or statesman, as the case might be, to get a new appropriation bill passed.

Mr. Speaker, I hope the Congress will not cast this stumbling block in the pathway of a people who have for so long had unequal opportunities and now look up hopefully and proudly. We are grateful for this great investment by the people of the United States. We think it is a good investment. We confidently believe that it not only has already brought great dividends but that, in the future, the people of the United States will be amply benefited and rewarded for every dollar invested there.

I hope and believe that the conferees representing this body in conference with representatives of the Senate will be fully aware of the importance of this question to the Nation as a whole as well as to the people in the Valley of the Tennessee. I trust they will resist this amendment and that the House will oppose it.

It is a question not of private versus public ownership, which has already been settled in this region, but of efficient operation of a great project owned by all the people.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. FULBRIGHT, for a period beginning April 12 and ending May 14, on account of official business.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 51 minutes p. m.) the House adjourned until tomorrow, Wednesday, March 29, 1944, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

A special meeting of the Committee on the Public Lands has been called for Wednesday, March 29, 1944 at 10 a. m., to hear a statement by Congressman JERRY VOORHIS relating to H. R. 2596.

EXECUTIVE COMMUNICATIONS, ETC.

1343. Under clause 2 of rule XXIV, a letter from the Acting Secretary of Agriculture, transmitting a report of a survey of the Santa Ynez River watershed in California (H. Doc. No. 518), was taken from the Speaker's table, referred to the Committee on Flood Control, and ordered to be printed, with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. COCHRAN: Committee on Accounts. House Resolution 486. Resolution authorizing the expenses of conducting the study and investigation authorized by House Resolution 465, of the Seventy-eighth Congress; without amendment (Rept. No. 1301). Referred to the House Calendar.

Mr. O'CONNOR: Committee on the Public Lands. H. R. 2241. A bill to abolish the Jackson Hole National Monument as created by Presidential Proclamation No. 2578, dated March 15, 1943; with amendment (Rept. No. 1303). Referred to the Committee of the Whole House on the state of the Union.

Mr. SABATH: Committee on Rules. House Resolution 487. Resolution providing for the consideration of S. 156, relating to the status of retired judges; without amendment (Rept. No. 1304). Referred to the House Calendar.

Mr. BATES of Kentucky: Committee on Rules. House Resolution 488. Resolution providing for the consideration of H. R. 3848 to amend section 9 of the act of May 22, 1923, authorizing and directing a national survey of forest resources; without amendment (Rept. No. 1305). Referred to the House Calendar.

Mr. BATES of Kentucky: Committee on Rules. House Resolution 489. Resolution providing for the consideration of S. 45, to amend section 3 of the act of June 7, 1924 (43 Stat. 653; 16 U. S. C. 566); without amendment (Rept. No. 1306). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANGELL:

H. R. 4497. A bill to name the Pacific equatorial current the Pacific current; to the Committee on the Merchant Marine and Fisheries.

By Mr. GALE:

H. R. 4498. A bill to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; to the Committee on Claims.

By Mr. GRANT of Indiana:

H. R. 4499. A bill to extend the benefits of the Social Security Act to certain legally adopted children; to the Committee on Ways and Means.

By Mrs. ROGERS of Massachusetts:

H. R. 4500. A bill to insure the furnishing of necessary artificial limbs and other appliances to disabled World War No. 2 veterans, to provide for appropriate instruction and training in the use thereof, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. WEISS:

H. R. 4501. A bill to adjust the basis of compensation for overtime service of certain employees in the Postal Service, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. DIMOND:

H. R. 4502. A bill to amend the act of Congress approved May 20, 1935, entitled "An act concerning the incorporated town of Seward, Territory of Alaska," as amended; to the Committee on the Territories.

By Mr. GRANT of Indiana:

H. J. Res. 261. Joint Resolution authorizing the President of the United States of America to proclaim October 11, 1944, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of New Mexico:

H. R. 4503. A bill for the relief of Maja Platzer; to the Committee on Immigration and Naturalization.

By Mr. FELLOWS:

H. R. 4504. A bill for the relief of Lewis E. Newton; to the Committee on Claims.

By Mr. GORSKI:

H. R. 4505. A bill for the relief of Patrick Joseph O'Connor; to the Committee on Military Affairs.

H. R. 4506. A bill for the relief of George Smalley; to the Committee on Naval Affairs.

H. R. 4507. A bill for the relief of Henry Hillgameyer; to the Committee on Naval Affairs.

H. R. 4508. A bill for the relief of Frank Zych; to the Committee on Military Affairs.

H. R. 4509. A bill for the relief of John G. Condon; to the Committee on Naval Affairs.

H. R. 4510. A bill for the relief of Lawrence Michael Keating; to the Committee on Naval Affairs.

H. R. 4511. A bill for the relief of John Evans; to the Committee on Naval Affairs.

By Mr. MARTIN of Iowa:

H. R. 4512. A bill granting an increase of pension to Laura E. Swope; to the Committee on Invalid Pensions.

By Mr. WEAVER:

H. R. 4513. A bill to provide for an appeal to the Supreme Court of the United States from the decision of the Court of Claims in a suit instituted by George A. Carden and Anderson T. Herd; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5362. By Mr. BRADLEY of Pennsylvania: Petition of sundry citizens of Philadelphia, Pa., protesting against passage of the Bryson bill (H. R. 2082); to the Committee on the Judiciary.

5363. By Mr. CASE: Petitions of A. S. Hill, of Highmore, and George W. Lane, and S. L.

McGie, of Mitchell, S. Dak., protesting against the enactment of House bill 2082, or any bill to deprive the American people of the use of alcoholic beverages; to the Committee on the Judiciary.

5364. By Mr. COCHRAN: Petition of Frances Wolfert and 17 other citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

5365. Also, petition of A. C. Urbahns and five other citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

5366. Also, petition of H. L. Baird and four other citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

5367. Also, petition of Rene J. Montbrand and 11 other citizens, protesting against the passage of House bill 2082, which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

5368. Also, petition of Alex Harper and 15 other citizens, protesting against the passage of House bill 2082, which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

5369. By Mr. GRAHAM: Petition of the Concord Methodist Sunday School of Beaver Falls, Pa., representing approximately 130 persons, urging the passage of House bill 2082, making unlawful the manufacture, sale, or transportation within the United States of alcoholic beverages for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

5370. By Mr. MARTIN of Iowa: Petition of sundry citizens of Fort Madison, Iowa, urging the passage of House bill 4269; to the Committee on Military Affairs.

SENATE

WEDNESDAY, MARCH 29, 1944

(Legislative day of Monday, February 7, 1944)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Father of all men, from the ravaged ground of this mad and sad earth, haunted by sorrow and drenched with the blood of man shed by his brother's hand, we lift our soiled faces to Thy pitying eyes. The centuries sob with the ceaseless horror of war and our spirits cry out to Thee in revolt against its blasphemies; and we know that our righteous anger at this ghastly harvest of hate is answered by Thy holy wrath. Give to us peace in our time, O Lord.

As servants of this stricken generation may our proudest distinction be that our names shall be written among the souls who greatly dared, of whom the future will record "Blessed are the peacemakers." Show Thy erring children at last the way from the City of Destruction to the City of Love. Fulfilling the longing of the inspired souls of all ages who saw from afar the shining City of God, help us in the courage of faith to seize what has now, in our day, come so near and, taking the whole of life, to build Thy glory there. In the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. HAYDEN, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, March 28, 1944, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 4346) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1944, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1944, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CANNON of Missouri, Mr. WOODRUM of Virginia, Mr. LUDLOW, Mr. SNYDER, Mr. O'NEAL, Mr. RABAUT, Mr. JOHNSON of Oklahoma, Mr. TABER, Mr. WIGGLESWORTH, Mr. LAMBERTSON, and Mr. POWERS were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 3912. An act to amend section 6 of the Defense Highway Act of 1941, as amended; and

H. R. 4381. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications and letter, which were referred as indicated:

SUPPLEMENTAL ESTIMATE, DEPARTMENT OF AGRICULTURE (S. Doc. No. 179)

A communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation in the amount of \$1,902,800 for the Department of Agriculture, fiscal year 1945, in the form of an amendment to the Budget for that fiscal year (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATE, DEPARTMENT OF COMMERCE (S. Doc. No. 180)

A communication from the President of the United States, transmitting, pursuant to law, a supplemental estimate of appropriation for the Department of Commerce in the amount of \$329,000, fiscal year 1945, in the form of an amendment to the Budget for that fiscal year (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

REPORT OF NATIONAL WAR LABOR BOARD

A letter from the Chairman of the National War Labor Board, submitting, pursuant to Senate Resolution 130 (agreed to April 9, 1943), the eleventh monthly report of the Board covering January 1944 (with accompanying papers); ordered to lie on the table.